

**SOLICITORS REGULATION AUTHORITY  
FORMAL BOARD MEETING**

**To be held on 14 May 2024 at 09.00 on Teams**

**AGENDA**

	<b>Agenda Item</b>
1	Welcome and apologies
2	Minutes of meeting on 19 March 2024
3	Matters arising and declarations of interest
4	Chair's update
5	Committee Chair updates
6	Chief Executive's report
7	SRA November 2023 to March 2024 Performance Report
8	SRA Strategic Risk Update
9	SRA draft Business Plan and Budget 2024-25
10	Solicitors Regulation Authority Limited 2023 Financial Statements
11	SRA Compensation Fund 2023 Financial Statements
12	Review of meeting and any other business

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**SOLICITORS REGULATION AUTHORITY**  
**Minutes of the SRA Board meeting**  
**held on 14 May 2024 at 09.00 via Teams**

*Subject to final approval by the SRA Board at its meeting on 25 June 2024*

Present: Anna Bradley (Chair)  
Claire Bassett  
Ann Harrison  
Paul Loft  
Rob McWilliam  
Lisa Mayhew  
Selina Ullah  
Nicola Williams

In attendance: Paul Philip, Aileen Armstrong, Juliet Oliver, Liz Rosser, Alex Magloire, Patrick Bolster (for items 9 to 11), David Adams (for items 9 to 11), Dominic Tambling

**1 WELCOME AND APOLOGIES**

1.1 The Chair welcomed everyone to the meeting. Apologies had been received from Liz Smart and Vikas Shah.

**2 MINUTES OF THE PREVIOUS MEETING ON 19 MARCH 2024**

2.1 The minutes of the meeting on 19 March 2024 were approved as a true and accurate record.

**3 MATTERS ARISING AND DECLARATIONS OF INTEREST**

3.1 There were no matters arising that would not be covered elsewhere on the agenda. All actions due were completed or in hand.

3.2 Interests were as previously declared and available to view on the SRA website. Members would declare any additional particular interest in an individual item if necessary.

**4 CHAIR'S UPDATE**

4.1 The Chair asked Board members to report on any events that they had attended since the last Board meeting, Nicola Williams had attended an event for in-house solicitors in Cardiff on 17 April 2024 hosted by Legal News Wales which was a first step to establishing a network for in-house solicitors in south Wales. Juliet Oliver had spoken at the event and our support had been well received. Other Board members had attended some of the roundtable discussions on our consumer protection review that had been taking place and been impressed by the constructive attitude of participants.

4.2 The Chair informed Board members that, following an increase in the number of complaints that were copied to them by complainants, it had been agreed that the

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Board should receive a periodic assurance report setting out the issues raised in these complaints and whether and how had been resolved. The first such report will be in July and the Board will be asked to help shape further iterations.

- 4.3 The Chair also updated Board members on her meetings and discussions over the previous few weeks and reported that she and the CEO would be attending the Law Society's Council meeting on 2 July 2024.

### **5 COMMITTEE CHAIR UPDATES**

- 5.1 The Board was asked to consider a report on the meeting of the Audit and Risk Committee on 23 September 2024. The Committee Chair said that the majority of the Committee's time had been spend on matters which would be covered later in the agenda and updated the Board on the Committee's consideration of the reappointment of BDO as our auditors. A tender process for the appointment of auditors would likely be held the following year, and, given that our accounts were consolidated into the Law Society's (TLS) Group accounts, we would discuss this with TLS beforehand.

- 5.2 The Board noted the report.

*NB: the paper relating to this item will not be published as it relates to issues that are commercially sensitive and includes discussion of risk that might be exacerbated by publication.*

### **6 CHIEF EXECUTIVE'S REPORT**

- 6.1 The Board was asked to consider an update on our priorities and on key developments that it needed to be aware of. The report also provided information on important external developments and our engagement activity with key stakeholders.
- 6.2 The Board received an update on action taken since it had been necessary to reissue a set of the Solicitors Qualifying Examination (SQE)1 results for the January 2024 sitting to correct a mistake that our assessment provider, Kaplan, had made when converting candidates' marks to scaled scores. The error meant that 175 candidates had originally been told that they had failed an assessment which they had in fact passed. A third party assessor had now audited the reissued results and confirmed that they were correct.
- 6.3 Kaplan had been clear that it would compensate candidates for losses incurred as a result of the error on a case by case basis, on top of the goodwill payment that it had offered to all affected candidates. Board members discussed the types of compensation being offered in different cases and sought assurances from the Executive that the nature of the compensation being provided by Kaplan and the speed at which this was being delivered were appropriate. Although Kaplan had the relationship with the affected candidates, we had regular updates on progress from Kaplan that indicated that candidates' issues were being addressed quickly.
- 6.4 Board members also asked what was being done to make sure that lessons were learned. The Executive reported that Kaplan were commissioning a review of what

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had happened and what safeguards were needed to ensure that similar problems would not happen again, and that the outcome would be reported to Board.

- 6.5 The Board also discussed a number of high profile investigations on which progress was set out in the report. The Board noted that we were liaising with the Serious Fraud Office (SFO) as it progressed its investigation into the suspected misuse of significant amounts of client money at the law firm Axiom Ince. The Executive reported that we had agreed to its request to stay our proceedings whilst it completes its investigation.
- 6.6 The Board discussed the Legal Services Board's (LSB) announcement that it would expand its independent review into our handling of Axiom Ince by law firm Carson McDowell to also include the regulatory actions in the lead up to the collapse of SSB Group. SSB Group was a law firm which had been handling claims for mis-sold cavity wall insulation and had gone into administration. A large number of its former clients were being pursued for the other side's costs when the after the event insurance had not paid out.
- 6.7 The Board explored with the Executive what we were doing to advance our investigation into the SSB case and whether or not, and from where, any form of compensation might be available for those affected.
- 6.8 The Board also sought assurances that we were doing all that we should be in relation to the Post Office Horizon IT Inquiry. It noted that although our current position remained that we would not take action against individuals or firms until the Inquiry had concluded hearing evidence, we had opened a number of new cases for which we were gathering evidence, including some in recent weeks.
- 6.9 The Board agreed that we should make a further statement about what we were doing in response to the Inquiry, to demonstrate the actions that we were taking.
- 6.10 The Board noted that other agencies might also be taking action after the conclusion of the Inquiry hearings, and asked the Executive to ensure appropriate liaison regarding their plans and timetables.
- 6.11 The Board noted the Chief Executive's report.

## **7 SRA NOVEMBER 2023 TO MARCH 2024 PERFORMANCE REPORT**

- 7.1 The Board was asked to consider an overview of the performance report for the five months to 31 March 2024.
- 7.2 The covering paper set out some of our key achievements for the period including: the more than doubling of the number of proactive anti-money laundering engagements; expanding our work on Continuous Improvement; and making good progress on aged cases with reduced numbers at end of March and further reduction in April.
- 7.3 The Board noted that the business plan performance update set out progress with 25 activities. Of these, 16 were on track, four were 'amber', and five were 'red'. The five red activities would no longer be completed this year following the

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reprioritisation exercise linked to our consumer protection review (see also item 9) and some of the amber activities were partially affected for the same reason. The Board agreed that future performance reports should indicate separately where activities would not be completed this year, in part or in full, where that was due to the reprioritisation exercise. This would in effect be a mid-year reforecast of the business plan, providing a new baseline against which future performance could be reported.

- 7.4 The Board noted the finance report at annex 1 of the paper which showed a year to date surplus of £4m. This surplus had increased reserves which, if this performance continued as forecast, would be within the reserves range in the updated reserves policy. The full year forecast was for a surplus of £3m which was £2m higher than budgeted.
- 7.5 Board members thanked the Executive for the additional presentation of budget figures before and after changes in position on investments and with and without those elements (SQE expenditure and income and client protection) which were materially neutral to our surplus/deficit.
- 7.6 In response to questions from Board members on staff vacancy rates and potential impact on organisational delivery, the Executive set out some of the steps we were taking to strengthen recruitment including over recruitment into areas of the organisation from which staff members often moved within the organisation after gaining a grounding in our work.
- 7.7 The Board noted that the Compensation Fund balance was a little better than expected, mainly due to claims being received more slowly than forecast. The Solicitors Indemnity Fund had been operating well since we had taken responsibility for it on 1 October 2023. 14 claims had been received since that date.
- 7.8 The Board considered the draft Solicitors Indemnity (SIF) reserves policy and draft SIF investment policy. The Board noted that the recommendation was that SIF reserves should not, for the time being, be placed in an ethical investment fund because these tended to be more volatile which was not desirable given the funds were held to meet cash flow requirements. The Board suggested that it would be consistent for all of the reserves we controlled to be invested according to the same values and therefore asked the Executive to model the volatility of ethical investment funds and implications for investment of SIF reserves and report back to the September Board meeting.
- 7.9 The Board also asked the Executive to review the draft SIF reserves policy recommendation and to similarly report back in September.
- 7.10 The Board reviewed the balanced scorecard at annex 2 of the paper and noted that a paper on any proposed changes following a review of KPIs would be brought to the September 2024 Board meeting.
- 7.11 The Board also discussed the update of our assurance mapping work against the LSB's regulatory performance assessment framework sourcebook of standards and characteristics and in particular the 'operational delivery' standard.

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7.12 Finally, the Board reviewed the latest update on the investigation and improvement Continuous Improvement programme and welcomed the progress being made. A more detailed report would be brought to the June 2024 Board meeting ahead of a “12 month” report to the board, which would be shared with the Legal Services Board, in July 2024.

*NB: annex 1 of this paper will not be published because it contains information which is commercially sensitive*

**8 SRA STRATEGIC RISK UPDATE**

8.1 The Board was asked to consider a progress report covering the period from 1 November 2023 to 31 March 2024 of the SRA Strategic Register (SRR).

8.2 The Board was reminded that at its meeting in January 2024 it had asked the Audit and Risk Committee (ARC) to reconsider the proposal to combine the SRR risks on Regulatory Focus (former SRR1) and Risk Based Regulation (former SRR4). Having considered the output of the review of controls relating to these risks, ARC considered that they should not be combined and had asked for further refinement of the risk descriptions, triggers, impacts and controls of SRR1 and SRR4 prior to sharing with the Board.

8.3 The Board agreed the Strategic Risk and Residual Risk Level Report and the revised Strategic Risk Register.

*NB: the annexes to this paper will not be published as they include discussion of risk that might be exacerbated by publication.*

**9 SRA DRAFT BUSINESS PLAN AND BUDGET 2024/25**

9.1 The Board was asked to consider the SRA’s draft Business Plan and Budget for 2024-25, and the steps that, following the Board’s review, would lead through to public consultation and finalisation.

9.2 The draft Business Plan set out both the three year deliverables and proposals for work in 2024/25. The Board noted the intention to publish a note on the reprioritisation exercise that had taken place in light of the launch of the consumer protection review (see also item 7).

9.3 In regard to the budget, the Board was reminded that when developing the current Corporate Strategy it had agreed that our ambition would be to limit increases to no more than inflation plus 2% and, if possible, to inflation. The proposal was therefore that the SRA share of practising fee income would increase from £67.6m to £70.m (3.8%, inflation at March 2024). Increasing solicitor numbers would mean that the SRA’s share of the individual practising certificate fee would remain unchanged at £162.

9.4 The Board also considered the proposal to increase contributions for the Compensation Fund from £30 for individuals to £90 and from £660 for firms to £2,220.

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- 9.5 Exceptional levels of intervention costs and Compensation Fund claims over the previous financial year had reduced the reserves of the Fund, requiring the increase in contributions this year. We carried out 65 interventions during 2022/23, more than double the number in the previous year. This included two very significant interventions in November 2022 and October 2023 which brought significant costs and payments to former clients of the firms.
- 9.6 The Compensation Fund contribution level is set by reference to the principles under which we operate the Fund. In particular we have been mindful of the need to deliver principle one (the overriding principle) on maintaining the viability of the Fund, while also being mindful of principle two on ensuring contributions are as manageable as possible. We have worked to reduce the impact of the increased costs and payments on contributions as far as possible. This has included tight budgetary control of costs, detailed scenario planning and modelling of impacts, and the negotiation of a banking facility in the event of a further large intervention. Through this we intend to build reserves to a sustainable level over two to three years rather than through a larger initial call on contributions. The increase in fees this year will, however, ensure the viability of the Fund while we carry out the wide-ranging consumer protection review that will consider future options for the Fund.
- 9.7 The Board recognised that any increase in contributions would be unwelcome but noted that the individual fee would be at the same level as in 2018/19, though the firm fee was significantly higher in comparison, largely because of a reduction in the number of firms.
- 9.8 The Board also discussed, and agreed, proposals for the arrangement of a borrowing facility of £10m to ensure that we had access to cash to deal with an unexpected large scale intervention, if necessary. This would reduce the potential pressure in the event of any future “outlier” interventions.
- 9.9 The Board:
- (a) noted the draft note of our reprioritisation exercise, which would be published on our website
  - (b) agreed the draft Business Plan and Budget for 2024-25 and the proposed consultation approach. This included an increase of 3.8% in the amount required but no increase in the SRA share of the individual practising certificate fee.
  - (c) approved the recommendation for the 2024-25 Compensation Fund contribution. This is an increase in the contributions to £90 per individual and £2,220 per firm.
  - (d) delegated approval of final consultation documents, including the Business Plan and Budget 2024-25 and any other related documents, to the SRA Board Chair.

*NB: annexes 3 and 4 of this paper will not be published because they are commercially sensitive.*

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**10 SOLICITORS REGULATION AUTHORITY LIMITED 2023 FINANCIAL STATEMENTS**

- 10.1 The Board was asked to consider the Solicitors Regulation Authority Limited Financial Statements and Letter of Representation for the year ending 31 October 2023. The information within the paper had been discussed at the Audit and Risk Committee on 23 April 2024.
- 10.2 The financial statements represented the first year of SRA as a 'group' for financial reporting purposes, comprising SRA, Solicitors Indemnity Fund (SIF) and Solicitors Indemnity Fund Limited (SIFL). The Board noted that SIF was consolidated in the group accounts as a separate, 'special purpose entity', rather than simply being considered 'part' of SRA.
- 10.3 The Board was informed that subsequent to papers being circulated for this meeting, our auditors had belatedly raised some questions about the treatment of SIF investments. Clarification of these points might also affect how SRA investments were treated and for that reason the Board was being asked to approve the SRA and SIF financial statements subject to these matters being resolved. Any changes would be cleared with the Chair of ARC and the Board Chair, who would be asked to sign off final versions of the statements.
- 10.4 Subject to the point above the Board:
- a) approved the Solicitors Regulation Authority Limited financial statements for 2023 prepared on a going concern basis
  - b) approved the Solicitors Indemnity Fund financial statements for 2023 prepared on a going concern basis
  - c) agreed the Letters of Representation could be signed on behalf of the Board
  - d) agreed to reappoint BDO as auditors of the Solicitors Regulation Authority Limited and Solicitors Indemnity Fund for the 2024 financial year.

*NB: annexes 2,3, 5 and 6 will not be published because they are commercially sensitive and/or include legal or other professional advice on sensitive or confidential matters.*

**11 SRA COMPENSATION FUND 2023 FINANCIAL STATEMENTS**

- 11.1 The Board was asked to consider the Compensation Fund Financial Statements and Letter of Representation for the year ending 31 October 2023.
- 11.2 Board members noted that the Compensation Fund accounts for 2023 showed a deficit for the year of £29.1m, compared with a surplus of £3.6m in the previous year. This was as expected given the increase in number of interventions in the year and specifically the impact of the significant interventions into Metamorph in November 2022 and Axiom in October 2023. The Board noted that the balance on the Fund at the end of the financial year of £25.1m and agreed the Fund was a



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going concern, noting the additional evidence provided to support this going concern basis.

11.3 The Board:

- a) approved the Compensation Fund financial statements for 2023 prepared on a going concern basis
- b) agreed the Letter of Representation could be signed on behalf of the Board
- c) agreed to reappoint BDO as auditors of the SRA Compensation Fund for the 2024 financial year.

*NB: annexes 2 and 3 of this paper will not be published because they are commercially sensitive and/or include legal or other professional advice on sensitive or confidential matters.*

**12 REVIEW OF MEETING AND ANY OTHER BUSINESS**

12.1 There was no other business. The next meeting would be held on 25 June 2024 via Teams.

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*This paper will be published*

**Chief Executive's Report**

**Purpose**

- 1 This report provides an update to the Board on our priorities and any key developments that it needs to be aware of. It also provides information on important external developments and our engagement activity with key stakeholders.

**Recommendations**

- 2 The Board is asked to:
  - a) consider the Chief Executive's report.

**If you have any questions about this paper please contact: Paul Philip, Chief Executive, [paul.philip@sra.org.uk](mailto:paul.philip@sra.org.uk), 0121 329 6940.**

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**CLASSIFICATION – PUBLIC****Chief Executive's Report****Update against priorities / key developments*****Solicitors Qualifying Examination (SQE)***

- 3 As previously reported, our SQE assessment provider, Kaplan, needed to reissue the SQE1 results for the January sitting to correct a mistake it made when converting the pass marks and candidates' marks to scaled scores. This was the first time marks were presented using scaled scores.
- 4 The main impact was on 175 candidates who had been told they had failed one or both of Functioning Legal Knowledge (FLK)1 and FLK2 when they had, in fact, passed. Due to the nature of the error, no candidates had been incorrectly told they had passed.
- 5 Kaplan is compensating affected candidates for losses incurred as a result of the error. It has also made a good will payment of £250 to each of the 175 candidates.
- 6 Kaplan is reviewing what happened, the scope of which we have approved. This work will inform the introduction of additional safeguards to prevent errors, especially when changes are implemented.
- 7 We have begun the recruitment of an expert evaluation agency to undertake an independent year three evaluation of the Solicitors Qualifying Examination (SQE). In line with the original evaluation framework, this stage of the evaluation will not consider the technical functioning of the assessment. The successful bidder will focus on understanding whether the reforms are on track to achieve their stated objectives and if they have produced any wider positive or negative impacts. The final report is expected in 2025.

***Consumer protection review***

- 8 After launching our consumer protection review in January, we have begun our extensive programme of engagement to inform our work and understanding. As well as a range of 1-1 meetings with key stakeholders, we have held a webinar open to all, and a series of roundtable discussions with representatives from high-street firms, regional and national consumer groups, local law societies and other legal representative groups.
- 9 We are continuing this work over the next couple of months, with further activities planned, including in-person and online focus groups with members of the public, further roundtables with groups including compliance officers and advisers from the financial sector, and a range of other meetings and engagement plus a series of in-depth deliberative focus groups.

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**CLASSIFICATION – PUBLIC*****High profile investigations***

- 10 We announced last summer that we are investigating the events and actions of solicitors that resulted in us having to intervene into the law firm Axiom Ince. We had identified the suspected misuse of significant amounts of client money, resulting in an account shortage estimated to be more than £60m. In November, the Serious Fraud Office (SFO) confirmed that it had launched an investigation into a suspected fraud at Axiom Ince.
- 11 We have been liaising with the SFO as it progresses its investigation. We have agreed to hold off proactively progressing our investigation - for instance through speaking to witnesses - or moving towards any enforcement action, until the SFO has completed its investigation. We have already sought to protect the public in the interim by either suspending the practising certificates, or restricting the practice, of key individuals. We will provide an update when we are in a position to proceed.
- 12 As the Board is aware, the Legal Services Board (LSB) [announced](#) in April its intention to expand its independent review into our handling of Axiom Ince by law firm Carson McDowell to also include the regulatory actions in the lead up to the collapse of SSB.
- 13 At the time of writing, the LSB has said that the terms of reference for the review would be published shortly. The LSB has said that the aim remains to report on Axiom in spring 2024, with the review in relation to SSB Group and overall learning and conclusions being reported in the summer.
- 14 We [published](#) our statement in relation to our ongoing investigation into the cavity wall insulation claims handled by the SSB Group in March. It also included advice for clients regarding where they could go for more information and advice. The statement led to significant coverage both in the legal trade and new media, but also on social media.
- 15 We are engaging with a number of other organisations to explore the issue of After the Event insurance in the context of this case. So far we have met the Financial Ombudsman Service, the Financial Conduct Authority, Royal Institute of Chartered Surveyors and Ministry of Justice.
- 16 We [issued](#) an updated public statement in January on the Post Office/Horizon scandal with more detail on our ongoing investigation and the likely timing of any enforcement action. This followed significant public and media attention, which has continued. The statement received significant coverage in the legal press and has so far been viewed more than 9,000 times.

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**CLASSIFICATION – PUBLIC*****Anti-Money Laundering (AML) update***

- 17 The government has launched a consultation into the effectiveness of the money laundering regulations. The consultation considers how elements of the regulations related to customer due diligence are operating. It also considers how the current information sharing legislation and gateways work, as well as some of the requirements around the registration of trusts. We will be submitting a response to the consultation ahead of the deadline on 9 June 2024.
- 18 Alongside the consultation into the effectiveness of the money laundering regulations, HM Treasury has also launched a survey aimed at firms in the AML regulated sector to establish their costs in complying with the regulations. We have flagged the questionnaire in updates and via social media and encouraged firms to complete it.

***Keeping of the Roll***

- 19 Following the re-introduction of the Keeping of the Roll exercise in 2023, this year's annual application window successfully opened on 3 April 2024. The roll is for non-practising solicitors who wish to maintain their status as a solicitor, as well as being mandatory for solicitors working within government departments and who are exempt from holding a professional certificate (under section 88 within the regulations).
- 20 Solicitors wishing to remain on the roll will need to complete an application and pay a £20 fee before the window closes on the 28 May 2024. Following the close of the exercise, there will be an appeal period, as required under the regulations, and before any users are removed from the roll.
- 21 The project leading up to the opening of the exercise has gone well with a communication campaign to reach the 37,388 solicitors in the cohort. As of 7 May 2024, 23,744 solicitors had successfully completed an application and similar to last year, we are seeking customer feedback, which has been positive to date.

***CILEX***

- 22 We [launched](#) our consultation in March on rule changes that would be needed to allow the potential regulation of non-authorized Chartered Institute of Legal Executives (CILEX) members. The consultation closes on 15 May 2024.

***In-house solicitors***

- 23 There are now 34,500 plus solicitors working in-house in England and Wales and we are ensuring that we provide resources to this community. We staged our second annual conference for in-house solicitors in London in March. Featuring speakers from Nissan, ITV, Virgin Media and Lawyers for Local Government, the event attracted around 200 delegates (a 50% increase on last year), and a further

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300 views online. Nine out of ten of those who completed post-event feedback said they found it useful or very useful, with 100% of delegates saying they would attend a similar event in the future.

- 24 The conference coincided with the [launch](#) of a suite of new draft guidance specifically for the in-house community. These materials were promoted at the event, to the media and on our social media channels, leading to more than 3,700 visits to a new in-house 'hot topic' section of our website. We also launched a dedicated 'in-house section' within our monthly e-newsletter to the profession, with more than 2,000 solicitors engaging with that.

***Standards and Regulations – three-year evaluation***

- 25 We have recently [published](#) our year three evaluation of our changes to our Standards and Regulations, which set out the requirements expected of our regulated community. The evaluation found that they are broadly working as intended. It did not identify any significant issues for consumers, the profession or the legal services market, although we will continue to keep under review.

***New approach to evaluations to policy changes***

- 26 In line with our recent prioritisation exercise, we are proposing to take a new approach to evaluations, to ensure greater value for money and taking a more risk-based approach. This means:
- conducting some smaller evaluations in-house, allowing for more flexibility
  - using independent specialists for larger scale interventions, and
  - focusing effort for early-stage evaluations (typically at year-one or year-three stage) on key change metrics and the identification of unintended consequences.
- 27 This new approach will focus our effort on understanding the overall impact of our regulatory changes, particularly on consumers. It will also make sure that any risks and unintended impacts are quickly identified. This will allow us to take a more proportionate and flexible approach in evaluating the impact of our work, while maintaining a robust methodological approach, particularly for the biggest changes.
- 28 As part of this approach, we intend to combine the year five evaluations of the Standards and Regulations and the Transparency Rules. This will provide an opportunity to take a holistic view of the impact on the legal market of these changes.

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**CLASSIFICATION – PUBLIC*****Consumer segmentation research***

- 29 We have been building on last year's [publication](#) of our consumer segmentation research by hosting deep-dive learning sessions with the LSB and other key stakeholders, such as the Legal Ombudsman and the Law Society. We also presented key messages from the research at the LSB's Reshaping Legal Services conference.

***Firm diversity data***

- 30 We have supplemented the firm diversity data [published](#) last year to provide the information and resources for the profession to understand and utilise the diversity data relevant to them. In January, we published a [diversity breakdown of the in-house solicitors' population](#). In March, we published (in English and Welsh) [an analysis of diversity breakdown of law firms in Wales](#).

***Data Strategy update***

- 31 Board members will know that for some years now we have worked hard to put in place appropriate enabling software to support our core operations. Although we finished the project in 2020 and successfully took our unsupported IT estate out of all costly host servers and into the Cloud, we have always been clear that what was implemented was the minimum viable product. Since then, we have prioritised both our change and software development capacity in developing our software stack. This, of course, has limited our past ability to mine our own data.
- 32 Building on this work, we now have a strategic priority to sophisticate our data mining capability and our risk-based approach. We are now developing plans in line with the corporate strategy for securing greater data integrity and the introduction of a data dictionary to assess the utility of our datasets. This in turn should allow us to develop better data mining to support our use of data in our core regulatory work on risk assessment in the future.
- 33 Whilst our plans to develop a data strategy and its underlying work programmes develop, we intend to increase senior management involvement in our operational work on risk, reviewing available datasets and risk priorities on a regular basis. We intend to establish a management forum led by Aileen Armstrong, as our executive lead on this work.

***SRA Law Society collaborative working protocol***

- 34 There are three areas listed in the protocol that we have agreed to work collaboratively with the Law Society (TLS) on in particular: technology, AML and EDI.
- 35 We continue to work constructively with TLS on AML issues. We have discussed policy positions on the consultation into the money laundering regulations to

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ensure that we are aware of respective views. We will be speaking at the Law Society's Private Client Conference on the topic of AML on 23 May 2024.

- 36 We continue to work with TLS on innovation and technology issues. We attended the inaugural plenary meeting of the Australia-UK Legal Services Regulatory Dialogue that took place in March alongside TLS. This is a commitment in Article 10.8 of the Australia-UK Free Trade Agreement. As part of this dialogue, we will be taking part in a working group with Australian counterparts on legal technology. TLS is also one of our consortium partners, alongside the Access to Justice Foundation, on our Regulators Pioneer Fund project on promoting the use of alternative means of dispute resolution. The project is progressing and the next phase will focus on engaging with consumers, service providers, subject matter experts and other stakeholders.
- 37 We are continuing to collaborate with TLS on our diversity data, including: a review of our diversity monitoring questions to make sure our data is comparable with national data sets, working together to provide supporting data about the professions for the Ministry of Justice's annual report on judicial diversity, and bringing greater consistency to how we each use and publish diversity data about the profession. We regularly discuss the EDI resources we each develop for the profession and welcomed feedback from TLS and its networks on the forthcoming update to our guidance on Principle 6 (to encourage equality, diversity and inclusion). We are liaising with TLS and the relevant local law societies to plan a joint presence at Birmingham Pride and Pride Cymru to strengthen our support for LGBTQ+ inclusion in the profession.

***Legal Services Board***

- 38 Since my last report to the Board in January, the LSB has [published](#) its regulatory performance assessment of us, which covered the period October 2022 to May 2023, but also touched on more recent events, including our intervention into Axiom Ince. The assessment focused on two of the three performance standards in the LSB's performance framework – 'well-led' and 'effective approach to regulation' and we are pleased to say that we met both of the standards. We expect the third standard 'operational delivery' to also be assessed as part of the next assessment which we are told will take place in the autumn.
- 39 We have submitted our response to the LSB's information request for its professional ethics and rule of law project. In it we explain how we use our regulatory framework to set expectations, supervise and take enforcement action in relation to poor ethical behaviours, as well as answering the specific questions the LSB asked.
- 40 Following consultation, the LSB has published new statutory guidance on technology and innovation, which took effect from 23 April 2024. It sets out the LSB's expectations that regulators should ensure that regulation:



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- enables the use of technology and innovation to support improved access to legal services and to address unmet need.
- balances the benefits and risks, and the opportunities and costs, of technology and innovation in the interests of the public and consumers.
- fosters a regulatory environment that is open to technology providers and innovators.

The LSB will monitor our progress against the outcomes as part of the annual regulatory performance exercise.

### ***Stakeholder engagement and public affairs***

- 41 On 7 May 2024, Juliet Oliver, and I gave oral evidence to the Communications and Digital Committee of the House of Lords for a follow-up session on Strategic Lawsuits Against Public Participation (SLAPPs).
- 42 I have met new Justice Committee member Rachel Hopkins, covering a range of current issues. The Chair and I also met Alex Cunningham MP, the shadow minister for Legal Services
- 43 Juliet Oliver, spoke at the Legal News Wales in-house forum and Lawyers in Local Government Leadership conference on legal professional ethics and we have also presented to the Law Council of Wales Dispute Resolution working group about our Regulators Pioneer Found project to seek their input, and spoke about our work on Artificial Intelligence at the Legal Wales legaltech roadshow in north Wales.

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*This paper will be published***SRA November 2023 to March 2024 Performance Report**

<b>Reason for papers</b>	These papers (items 7 and 8) provide the Board with an overview of the performance report for the five months to 31 March 2024 and a report covering the management of the SRA key risks set out in the Strategic Risk Register (SRR).
<b>Decisions(s)</b>	The Board is asked to: <ul style="list-style-type: none"> <li>a) note the content of the performance report and provide feedback on the overall assessment of performance</li> <li>b) approve the draft Solicitors Indemnity (SIF) reserves policy at annex 1(a) and draft SIF investment policy at annex 1(b)</li> <li>c) note the update on the LSB performance assessment and discuss and consider the third standard 'operational delivery' at annex 4.</li> </ul>
<b>Previous Board and committee consideration</b>	The Board receives performance reports and Strategic Risk updates on a regular basis, three times per annum.
<b>Next steps</b>	The second performance pack for 2023/24, representing the nine months to July 2024, including the Strategic Risk Register, will come to the Board at its meeting in September 2024.

**If you have any questions about this paper, please contact Liz Rosser, Executive Director Operations and Resources, [liz.rosser@sra.org.uk](mailto:liz.rosser@sra.org.uk)**

# SRA BOARD

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## SRA November 2023 to March 2024 Performance Report

### Purpose

- 1 This paper provides the Board with an overview of the performance report for the five-month November 2023 to March 2024 reporting period.

### Introduction

- 2 The Board is asked to consider six separate documents which, together with this summary, provide the Board with an update on performance for the five-month period November 2023 to March 2024. These are:
  - Annex 1: Financial performance and position
  - Annex 2: Balanced Scorecard with supporting commentary
  - Annex 3: Business plan progress
  - Annex 4: Legal Services Board (LSB) Performance Assessment Update
  - Annex 5: Investigation and Enforcement Continuous Improvement Programme Update
  - Agenda item 8: Strategic Risk Register.
- 3 This quarter includes the third update on our assurance mapping against the Legal Services Board's Regulatory Performance Assessment Framework Sourcebook of standards and characteristics.

### 2023/24 business plan performance update

- First period reporting against 2023/24 business plan (five-month period).
- 25 activities to report against in our business plan.
- 16 on track, four activities were 'amber', and five were 'red' where activity will no longer be completed this year.

### Key achievements

- We adjusted our plans to be able to deliver the consumer protection review, something which was not anticipated when we set the business plan.
- We delivered 547 proactive anti-money laundering engagements, up from 267 in 2022/23.
- We expanded our work on Continuous Improvement: successfully completing a yellow belt training programme, initiating white belt training programme, starting with c.50 staff this year.
- We made good progress on aged cases with reduced numbers at end of March and further reduction in April.

### Exceptions

- 4 Five activities in the business plan are not on track to be achieved in the year. This is because they have been re-prioritised, in prior discussion with the Board, to allow appropriate focus on the consumer protection review. These are:

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- Publish our firm diversity data with its new insight into the diversity breakdown at the most senior levels in law firms, improve the diversity data we hold for individuals and establish a framework to evaluate our progress around Equality, Diversity and Inclusion (EDI).
  - Review how we communicate in Welsh and consider opportunities to expand our offering.
  - Produce regulatory position statements about access to justice and Environmental, Social and Governance (ESG). This will set out our analysis of the issues, the role of our regulation in relation to them and our regulatory expectations.
  - Deliver a proof of concept to test demand and likely effectiveness of a new sandbox.
  - Work with small law firms and technology providers to produce a map of the specific areas where more resources and support are most needed and deliver pilots focused on particular technologies and themes.
- 5 This year we will focus on scoping the review of how we communicate in Welsh and not delivering it. We will also develop our internal ESG position and specific access to justice work, narrowing the focus of this objective.
- 6 Further information is provided in annex 3.

### Financial performance

- The five months financial report shows a surplus of £4m, with notable components being £1m unrealised return on investments and £1m underspend on projects. The year-to-date surplus has increased reserves which, if this performance continues as forecast, would be within the reserves range in the updated reserves policy.
- The full year forecast is for a surplus of £3m which is £2m higher than budgeted. The positive variance is primarily made up of project underspend and return on investment.
- The draft SIF investment and reserve policies are attached in annex one for consideration and approval by the Board.

**Recommendation: the Board is asked to (b) approve the SIF investment and reserves policies at annex 1(a) and 1(b).**

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**CLASSIFICATION – PUBLIC****Balanced scorecard review**

- We are undertaking a review of our key performance indicators, to comprise both the more detailed KPIs used by the executive for ongoing management of the organisation, and the selected most useful high-level ones for inclusion for the Board and other stakeholders in our balanced scorecard. We propose to present this to the September Board meeting.
- The most notable points within the balanced scorecard are:
  - **External.** Improvements in feedback on our events and social media engagement, but reductions in positive media coverage and in the proportion of event attenders stating a positive view of the SRA. The latter was driven by a higher proportion of SQE events in this quarter – although still more than half of SQE stakeholders are positive about the SRA, a higher proportion are negative when compared to other stakeholders. Continued positive customer feedback on our contact centre.
  - **Delivery.** Improvement in contact centre call response times, authorisation completions, completion of cases within 24 months, and assessment and early resolution of reports. A slight reduction against the demanding stretch target of 70% of investigations concluded within 10 months, as well as in Compensation Fund claim completion (due to the peak in volumes).
  - **Internal.** A reduction in staff turnover, continued very low level of sickness absence, and improved staff engagement.
  - **Financial.** Surplus for the year to date with underspend in most categories, and large unrealised gain on investment.

**LSB performance assessment**

- In June 2023, the Board discussed the LSB's 2023 regulatory performance assessment and our approach to providing assurance to the Board on our progress against the LSB's regulatory performance framework. The Board will recall that this had followed a letter from the LSB's previous Chair in February 2023 that set out a suggested approach for how the Boards of regulatory bodies might seek their own assurance for how regulators were performing against the LSB's regulatory performance framework.
- The Board considered our assurance mapping work against the LSB's regulatory performance assessment framework sourcebook of standards and characteristics in June 2023 and agreed that it should review updates against it throughout the year as part of the performance pack. This update is provided at annex 4.
- The Board also agreed that as part of each update, it would have a general discussion on one of the three LSB standards and how the organisation was meeting it, taking each standard in turn over the course of the year. It considered the 'well-led' standard in September 2023 and the 'effective approach to regulation' standard in January 2024. The final standard is 'operational delivery' with more details set out in annex 4.

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**Recommendation: the Board is asked to (c) note the update on the LSB performance assessment and discuss and consider the third standard 'operational delivery' as at annex 4**

**Continuous Improvement programme – Investigation and Enforcement**

- In addition to the detail in the performance report, we are pleased with overall progress, including our being on track to meet the target in reducing cases over 2 years old and achieving all of 12, 18, 24 month and Assessment and Early Resolution (AERT) KPIs for Q1; the first time we have achieved all four of these KPIs together in three consecutive months for the first time in over 12 months.
- We have reduced the average days from assessment to conduct closure from 107 in June 2023 to now consistently below 100 days throughout the second quarter of this year. In addition, work in progress levels at 12, 18 and 24 months are at their lowest since June 2023 and case holding remains below 25 cases per Investigation Officer.

**Areas for discussion**

LSB Performance Assessment	<ul style="list-style-type: none"> <li>• The Board is asked to note the update on the LSB performance assessment and consider the third standard 'operational delivery'</li> </ul>
SIF reserves and investment policies	<ul style="list-style-type: none"> <li>• The Board is asked to consider the proposed reserves policy for SIF.</li> <li>• The Board is asked to consider the proposed investment policy.</li> </ul>

**Strategic Risk Register**

- This is discussed in a separate paper under agenda item 8.

**Summary**

- 16 of 25 business plan activities are on track to be delivered, four are partially delivered (amber), five are not on track to be delivered (red), reflecting re-prioritisation in the context of increased demands.
- The majority of our key performance measures are on target.
- Financial position for the five months period is a surplus of £4m.

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**Recommendation: the Board is asked to (a) note the content of the quarterly performance reports and the overall assessment of performance.**

### Next steps

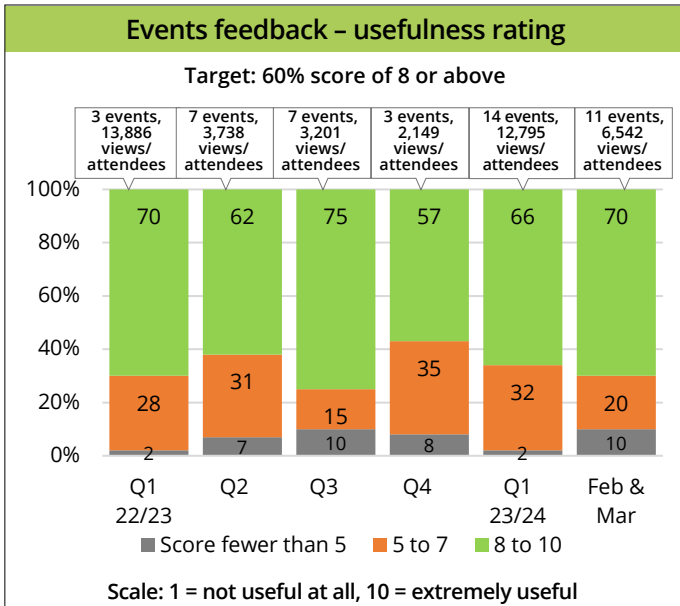
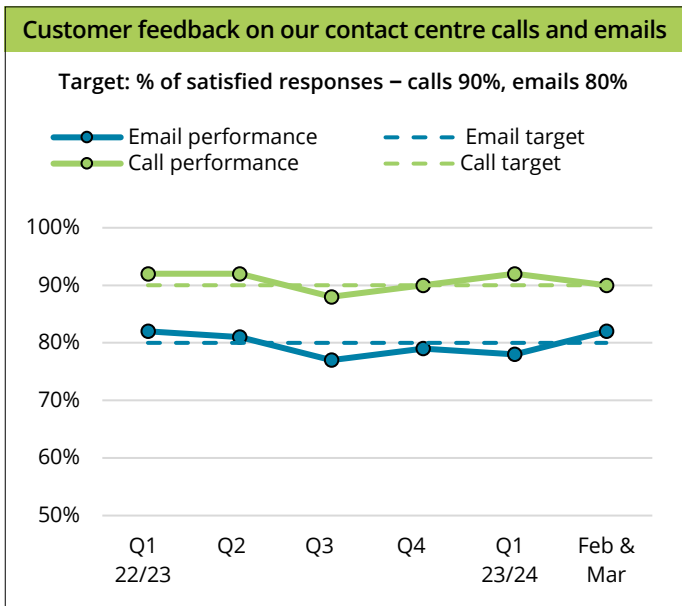
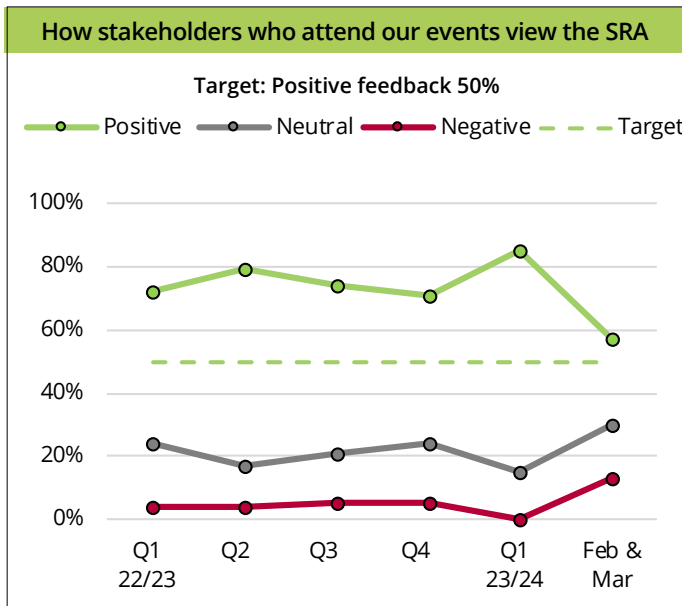
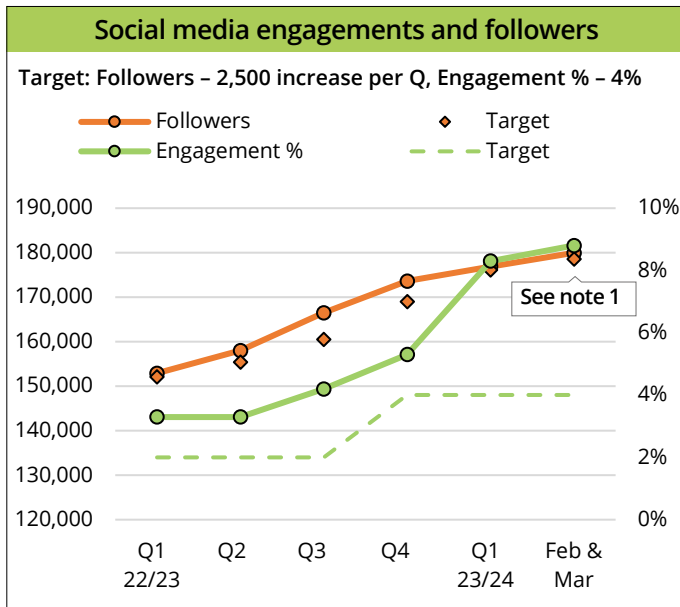
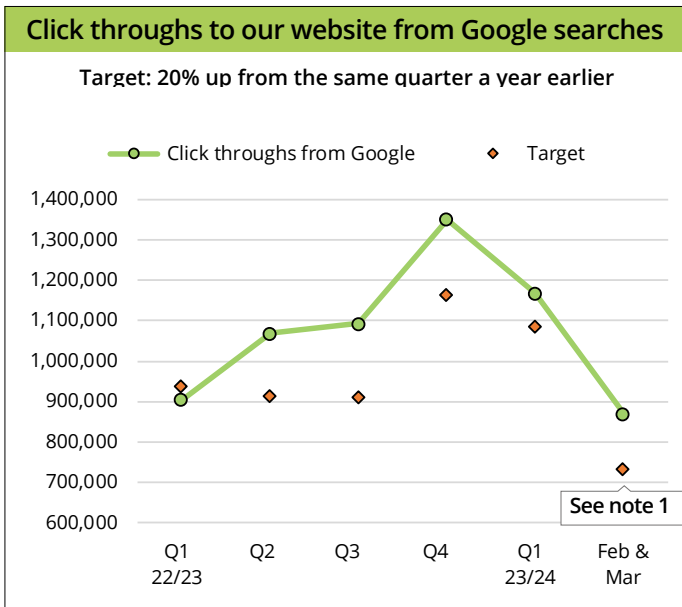
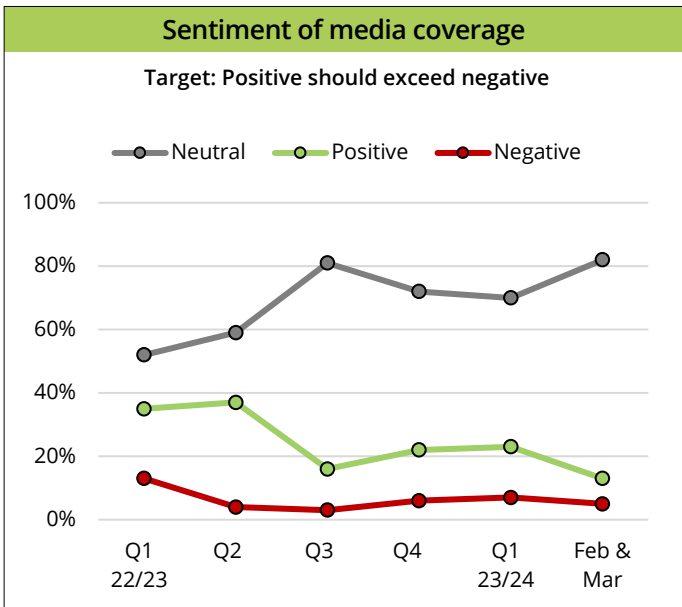
- 7 We will continue to report to the Board in full on our performance regularly. There will be three updates on the 2023/24 year. The second report will be in September and will cover the first nine months of the reporting year.

### Annexes

- Annex 1 Financial performance update**
- Annex 2 Balanced Scorecard**
- Annex 3 Business Plan update**
- Annex 4 Legal Services Board Performance assessment update**
- Annex 5 Details of progress against the planned actions and targets in the Investigation and Enforcement continuous improvement programme**

*NB: Annex 1 of this paper will not be published because it contains information which is commercially sensitive.*

Core measures

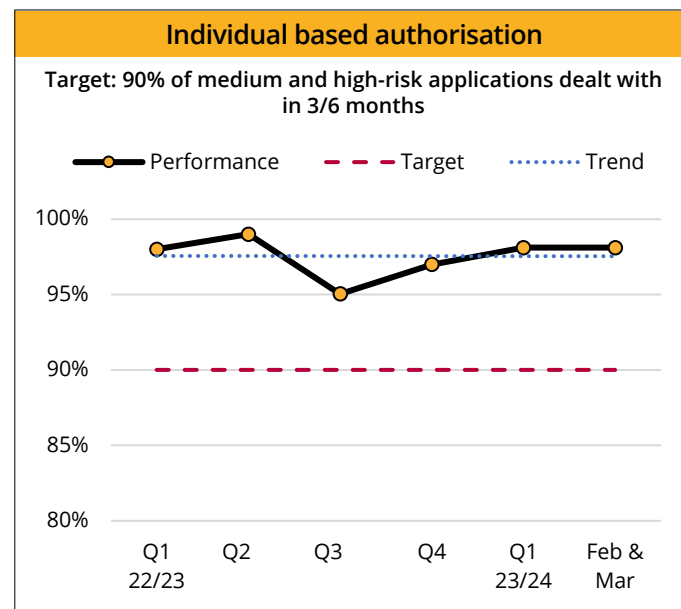
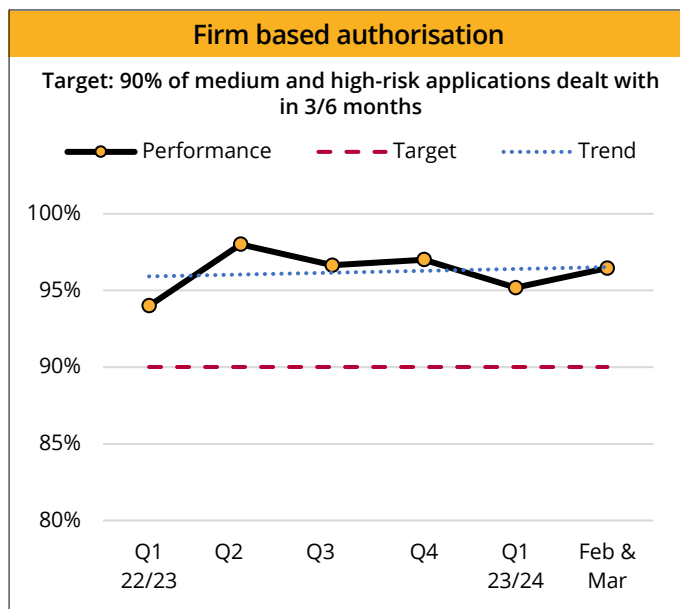
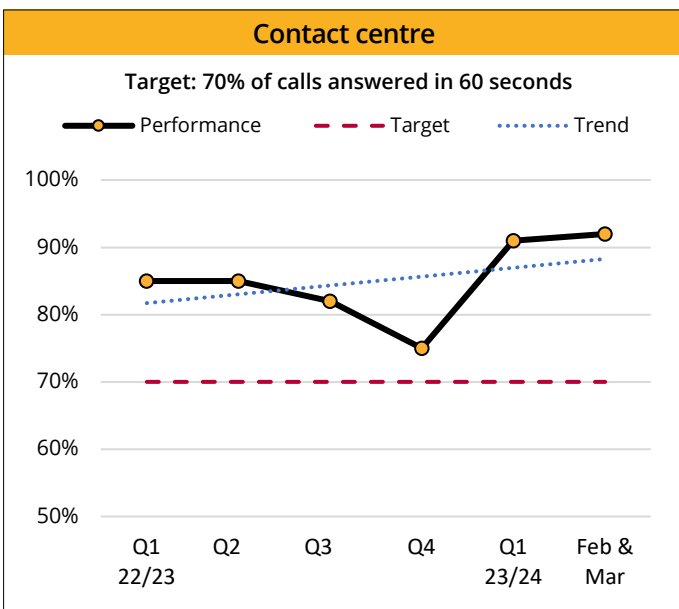
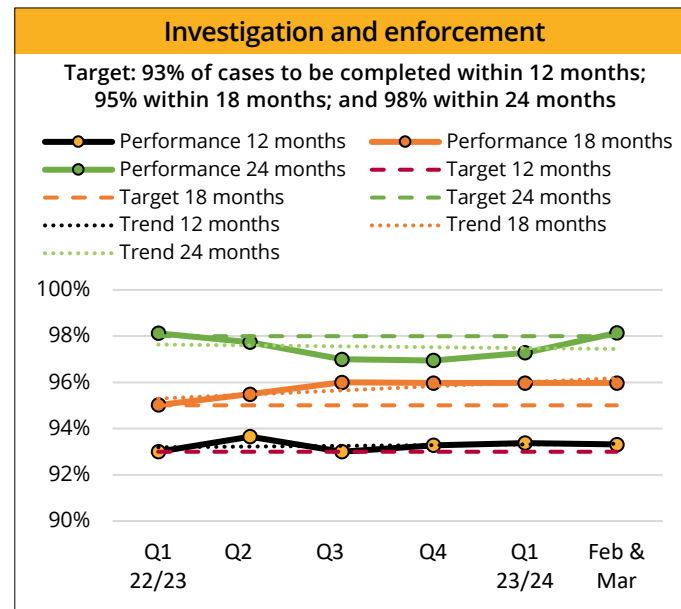
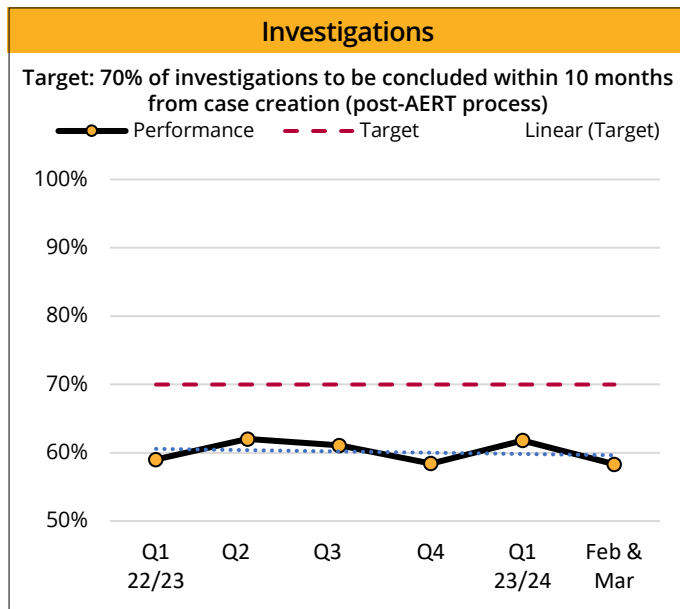
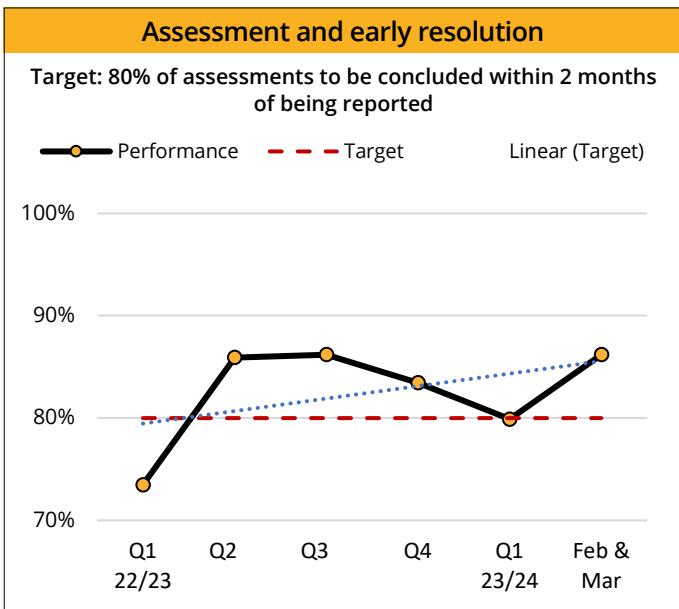


Notes:

1. We have adjusted the target because we are only reporting on two months of Q2.

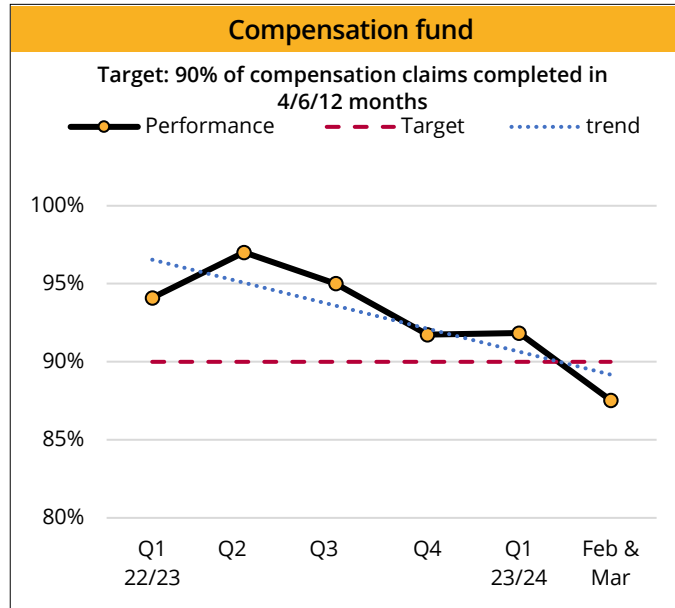
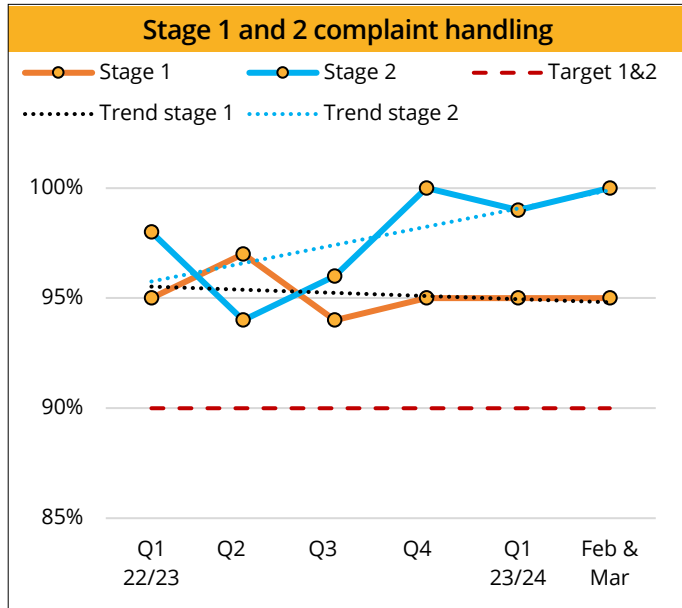


Core measures



Notes:

- Two new KPIs were introduced in March 2023: Investigations, an ongoing measure to demonstrate the benefits of the continuous improvement project, and assessment and early resolution, which measures assessments being concluded within two months of being reported.
- Our Assessment and Early Resolution team (AERT) takes an initial look at all the concerns we receive. It then assesses them to see whether an investigation should take place.

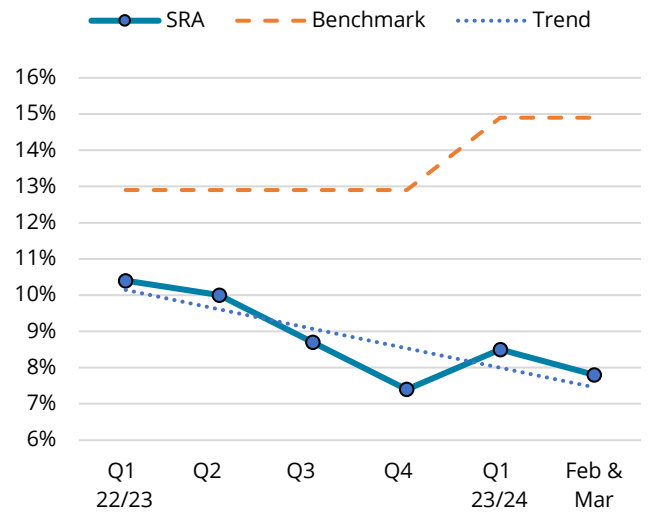


**Notes:**

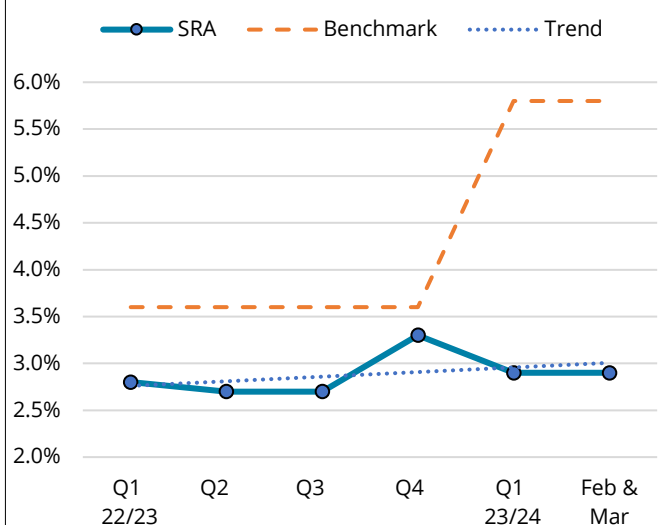
1. Stage 1 and 2 complaint handling targets: to handle stage 1 complaints within 15 days and stage 2 within 20 days. Stage 1 is the response from the team concerned and stage 2 is the response from our Corporate Complaints team, where the matter is not resolved at stage 1.
2. Compensation fund targets: 90% of straightforward claims concluded in four months; 90% of moderate complexity claims concluded in six months; and 90% of complex claims concluded in 12 months.

Core measures

Voluntary staff turnover

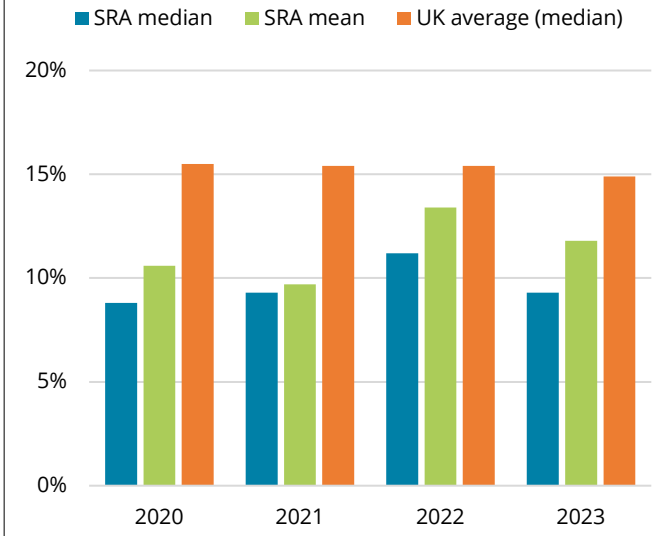


Time lost to sickness

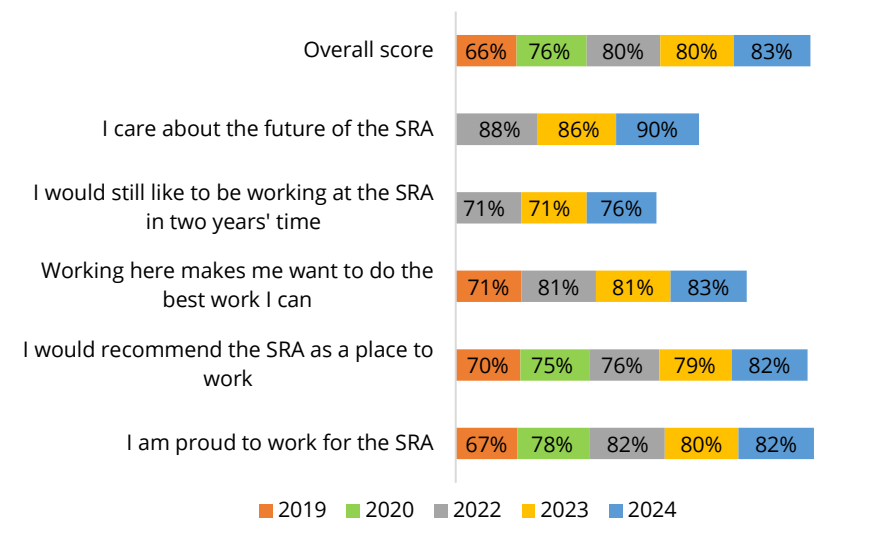


Topical measures

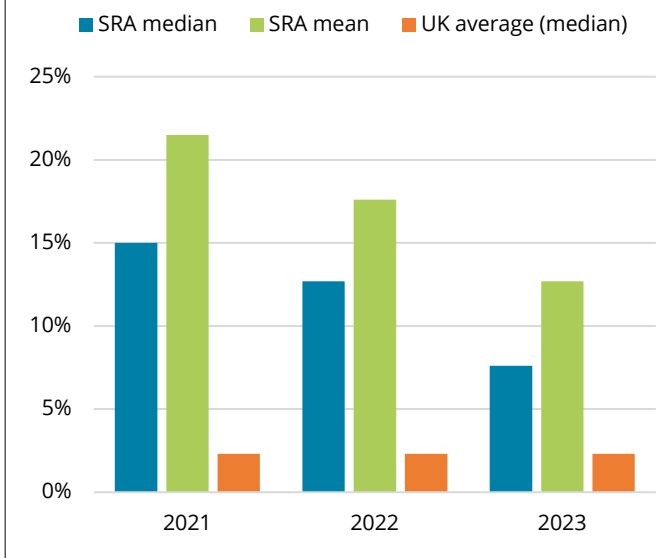
Gender pay gap



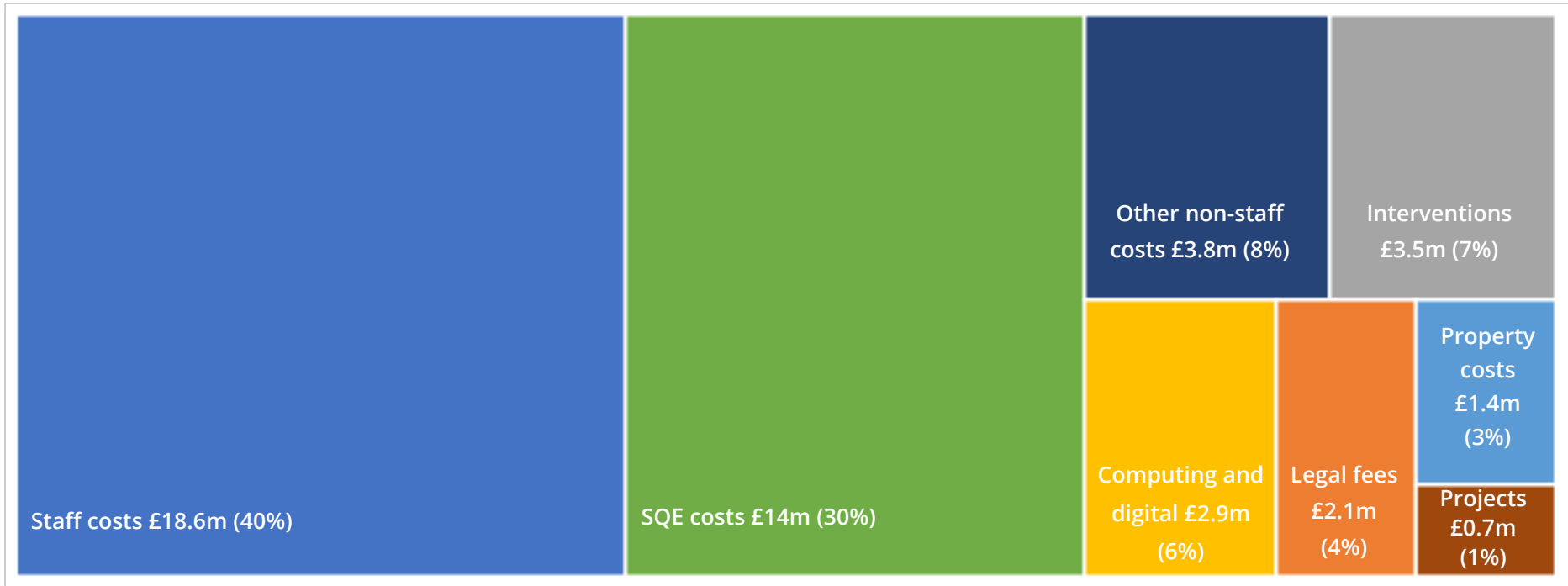
Staff engagement



Ethnicity pay gap



Where we spend our money



Variance to budget November 2023 to March 2024

£m	Actual	Budget	Variance	Variance %
Income	50.26	47.05	3.21	6.8%
Staff costs	17.70	18.14	0.44	2.4%
Other costs	28.59	28.08	-0.51	-1.8%

## Reporting period November 23–March 24 performance update

### External

#### Media sentiment

In quarter 1 (Q1), there was more positive media coverage than negative coverage for the 12th consecutive quarter.

Negative coverage was marginally up as a proportion of all media coverage during Q1 compared to the previous quarter.

Topics that generated positive media coverage in Q1 were:

- publication of firm diversity data
- our risk outlook report on artificial intelligence
- fixed penalties we issued for breaches of the transparency rules.

Negative coverage during the quarter included news reports of our appearance at the Justice Select Committee and an adverse costs order at the Solicitors Disciplinary Tribunal (SDT). There was negative coverage and positive coverage of our investigation into solicitors' involvement in the Post Office scandal.

In the period February to March, there was a decline in positive coverage compared to negative coverage, although the amount of positive coverage still exceeded negative coverage.

Topics that generated positive coverage during February to March were:

- the Legal Services Board's assessment of our regulatory performance
- the launch of our consumer protection review
- our policy for restricting excessive fees in financial services compensation work
- draft guidance we issued and an event we held for in-house solicitors.

Negative coverage during February to March dealt with the SDT's dismissal of anti-money laundering (AML) related allegations against Dentons and an increase in the frequency and size of AML related and other fines we are issuing.

#### Web traffic

Visits to our website by Google web search users in Q1 were up almost 30% from a year earlier, beating our target of 20% year-on-year growth in click throughs from Google. There were increases in search impressions and click throughs for the following Google search queries: 'sra register' and 'sra find a solicitor'.

In the period February to March, visits to our website from Google web search were up 19% year on year, slightly below our 20% target growth rate. As was the case in Q1, the largest increases in search impressions and click throughs were for the Google search queries 'sra register' and 'sra find a solicitor'.

#### Social media

The number of followers to Solicitors Regulation Authority (SRA) accounts across all social media platforms reached almost 177,000 by the end of Q1, up 16% from a year earlier.

Engagements are user interactions with our content, including shares, likes, click throughs and other post clicks. The overall rate of engagement with SRA social media content during Q1 was 8.3%, unchanged from Q4, remaining more than double our target rate of 4%. The current benchmark social engagement rate in the government sector is approximately 2%. In the professional services sector, it is around 1%. SRA social posts that drove particularly strong engagement in Q1 dealt with the Solicitors Qualifying Examination (SQE) and AML compliance.

By the end of March, the number of SRA followers across all social media platforms reached almost 180,000, up 14% from a year earlier. The overall engagement rate with our social content during the period was up slightly from Q1, at 8.8%, again more than double our target engagement rate. The most popular post of the period, with almost 30,000 engagements, featured a sample SQE question about inheritance tax.

#### Events

We held 14 events during Q1, including several standalone webinars and sessions delivered as part of our successful Virtual Compliance Conference 2023. Event attendance for the quarter totalled 12,795 (in-person, virtual streaming and virtual on-demand). Two out of three attendees who scored the usefulness of our events rated them eight out of 10 or higher.

None of the event attendees who responded to the question in Q1 said they had a negative perception of the SRA, while 85% said they had a positive view.

In the period February to March we held 11 events, including the popular SQE Virtual Conference 2024. Event attendance for the period totalled 6,542 (in-person, virtual streaming and virtual on-demand). Of the attendees who scored the usefulness of our events, 70% rated them eight out of 10 or higher.

Thirteen per cent of event attendees who responded to the question in February to March said they had a negative perception of the SRA, while 57% said they had a positive view.

## Delivery

### Investigation and Enforcement

We achieved our investigation and enforcement (I&E) key performance indicators (KPIs) for the period November 2023 to March 2024 of resolving 93% of investigations in 12 months and 95% in 18 months. The KPI of 98% in 24 months was achieved in January, February and March, however, this was missed in November and December where we achieved 97%. We have also made further progress in reducing the number of cases open for more than 24 months. At the end of March 2024, this had reduced to 99, and we have a target of 82 or fewer before the end of June in sight.

The KPI of resolving 70% of cases within 10 months (post the assessment and early resolution process) was introduced in March 2023 as part of our continuous improvement project. We achieved 61% in November 2023, 60% in December 2023, 65% in January 2024, 54% in February 2024 and 61% in March 2024, recognising that the project improvements are yet to be fully delivered.

The I&E continuous improvement project went live over the summer 2023. As those ways of working have become embedded, we have moved away from regular overtime, and developed new reporting to ensure compliance with the new ways of working. This is the foundation for the sustainable performance improvements we are aiming for.

The Assessment and Early Resolution Team (AERT) has a KPI to complete 80% of assessments within two months of being reported. Performance against this KPI was: 84% in November 2023, 79% in December 2023, 77% in January 2024, 85% in February 2024 and 87% in March 2024.

### Authorisation

Our firm based and individual based authorisation functions have continued to deliver good performance against KPIs, with 97% of medium/high risk applications dealt with within service levels.

The Keeping of the Roll (KoR) exercise commenced on 3 April and is running well; the window is open until 28 May.

The 2023–24 practising certificate renewal exercise (PCRE) window closed at the end of October 2023 but, in Authorisation, we have been caseworking the individual practising certificate applications during this reporting period.

We have also seen an increase in firm-based applications and approvals aligned with the end of the financial year and we are progressing these within service levels.

### Contact Centre

Performance has been positive in Q1 and into Q2, achieving an overall performance of 91% year to date against our target of answering 70% of calls within 60 seconds. Furthermore, we achieved our target of responding to 95% of emails within five days.

### Client Protection

Q1: Compensation fund performance has remained strong across the quarter, especially given the continued high volume of claims. The only time when the KPIs were not achieved is in relation to straightforward matters (these are the highest volumes), with 85% against a target of 90%. This has been impacted this quarter by delays in closing files which were outsourced to the intervention agents. Having now increased resources we expect to see an ongoing improvement once staff are fully trained.

February and March: Compensation fund performance has remained good across the first half of the year, especially when considered against the high volume of claims. The only month the KPI was not met was February (85% versus 90%). Performance has been impacted by delays in closing files which were outsourced to the intervention agents. Given the continuing high volumes of claims being received, we expect there will be continued pressure on KPI performance. Having now increased resources, we expect to see an improvement once staff are fully trained.

### Complaints

The business achieved KPIs for stage 1 complaint handling across the period. The Corporate Complaints team significantly exceeded their KPIs for stage 2 complaint handling. Timeliness of stage 2 responses rose on an upward trend over the period as new resource assisted workflows.

The Corporate Complaints team is involved in a number of improvement work streams over the period, which progressed alongside casework. The Reporting Concerns project progressed, new text was approved for the reporting concerns web page and videos and case studies will follow. The team also commenced a project to review and update the SRA's complaints policy, including consulting with colleagues across the business. The team has also worked with the Business Intelligence team to create exception reporting to improve the integrity of complaints data collection.

## Internal

### Staff turnover

Staff turnover has decreased again this quarter. The turnover continues to gradually decrease over the year, which indicates some stability within the organisation while the recruitment market remains volatile.

### Time lost to sickness

Time lost to sickness remains the same as the previous quarter. We continue to monitor the trend and promote our wellbeing initiatives and other interventions, such as our employee assistance and occupational health provisions.

### Gender and pay gap

Our latest pay gap reporting has been published. The data was recently discussed at the Remuneration Committee in February. The new data from 5 April 2024 will be analysed during quarter three and reported to the Remuneration Committee in September. We continue to work on the action plans in place and will report an update to Board in July.

### Staff engagement

The second pulse survey for 2023 was run during November to gain further insight on change. The annual survey in 2023 highlighted change as one of the areas requiring further action. The pulse survey indicated the actions put in place were improving the perception of change in the organisation and this has been further complemented in the 2024 annual survey.

The 2024 annual staff engagement survey was run during February and March. Although the overall response rate was 2% lower than last year, the engagement index of 83% has increased by 3%. The questions influencing the engagement index are reported on the internal scorecard. Of the questions asked, all but two questions have increased compared to last year. A full analysis of the survey results and a comparison to the external benchmark are due to be reported to Board in July.

## Financial

Income for the year is in excess of budget, predominantly due to additional income from the SQE due to higher candidate numbers. This is offset by increased costs associated with delivering the exam. There is also reduced income from the compensation fund which reflects lower than budgeted costs of interventions.

When intervention and SQE costs are ignored, income is broadly in line with budget for the financial year to date (0.6% more income than expected).

Expenditure on staff costs is 2.4% under budget for the first five months of the year. We have seen a small increase in the level of voluntary staff turnover and, while we look to ensure swift recruitment, this inevitably results in an overall higher vacancy rate and consequent underspend against the staff cost budget.

Within non-staff costs, there are a number of variances, with the cumulative effect being an overspend against budget. The increased costs associated with higher SQE candidate numbers are offset by increased income from examination, while the below budget spend on interventions is offset by reduced income from the compensation fund. Excluding the variance in relation to SQE and interventions the underspend against budget is 13%, the majority of which relates to underspend on project activities as a result of reprioritisation within the year. The underspend on other activity is around 5%.

The full year forecast for the year has been revised in light of the outcome of the first five months of the year and the expected activity in the remainder of the year. Whereas the budget included a surplus of circa £1.2m for the year we are forecasting that the surplus will be closer to £3m, in part due to underspend in the year to date and also improved performance of our investments.

If our year-end surplus is this much higher than budgeted, it will be a positive development in that it will move us within the reserves policy range set by the Board, which will represent an increased financial resilience.

## Annex 3 - SRA Business Plan 2023-24 update

### Our Strategic Priorities

*Strategic Priority 1* - We will deliver high professional standards.

*Strategic Priority 2* - We will strengthen our risk based and proactive regulation.

*Strategic Priority 3* - We will support innovation and technology.

*Strategic Priority 4* - We will be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff.

Our business plan for 2023/24 is available on our website<sup>1</sup>

Annex 3a shows the business plan commitments within each priority.

### Progress against commitments in our annual planned work programme

This is the first report against the business plan commitments in our 2023/24 business plan, which reflects the first year of the 2023-26 Corporate Strategy.

Annex 1 shows the RAG status of all the commitments under the four priorities. A summary of the status evaluation is as follows:

Status	Green	Amber	Red	Not started
Commitments	16	4	5	0

Relates to objective status based on progress to date:

Green (G) – in line with expectation and overall delivery is expected;

Amber (A) – generally in line although challenge to maintain progress and deliver overall objective;

Red (R) – progress behind expectation and will not succeed without direct action;

Blue – in line with planned delivery schedule work not yet started.

There are nine commitments that are not currently on track, of which five will no longer be completed this year following our reprioritisation exercise linked to our Consumer Protection Review.

The 'red' commitments are considered below.

- **We will publish our firm diversity data with its new insight into the diversity breakdown at the most senior levels in law firms, improve the diversity data we hold for individuals and establish a framework to evaluate our progress around EDI.** We have published the new diversity breakdown for firms and are progressing work to improve the data we hold on individuals. However, in light of our other priorities, we have decided that we will delay the production of the EDI evaluation framework until year two of the corporate strategy (November 24 to October 25). In developing the EDI evaluation framework, we will take account of the LSB's proposed EDI policy statement.
- **Review how we communicate in Welsh.** We decided to restrict ourselves to scoping out this review rather than delivering it. We have taken steps towards that including:
  - engaging with the Wales regulators forum to understand and learn from the approach of other regulators,
  - holding focus groups with Welsh speaking students to inform our work in implementing the SQE,
  - preparing to host a focus group with Welsh speakers as part of our Consumer Protection Review.

<sup>1</sup> <https://www.sra.org.uk/sra/corporate-strategy/business-plans/business-plan/business-plan-2023-24/>



- **Produce regulatory position statements about access to justice and ESG.** We decided to not to publish regulatory position statements this business plan year. Our access to justice work in years one and two is now focused on the work that was already in train, including our innovation and technology work and supporting the Legal Services Consumer Panel's research into how regulation can best improve access to justice. Ahead of year three, we will review the prioritisation of any policy statement on access to justice. We have shifted our focus on ESG for this strategy period to developing and publicising our internal ESG credentials, and we do not now plan to publish any wider position statement.
- **We will deliver a proof of concept to test demand and likely effectiveness of a new sandbox.** We are focusing our initial work on exploring the demand and potential benefits of a new safe testing environment. This work will inform whether to commit any further resource to this during this corporate strategy period.
- **We will work with small law firms and technology providers to produce a map of the specific areas where more resources and support are most needed and deliver pilots focused on particular technologies and themes.** We are focusing our work in year one to commissioning research to identify the needs of small firms and our role in meeting those needs. This will help identify where we can have the most impact in supporting small law firms to use technology. We are also focusing on establishing relationships with technology providers to identify how small firms can better maximise their use of existing technologies.

Those activities considered to be 'amber' are considered below.

- **Make data about candidate performance available to help aspiring solicitors make informed choices about how they prepare for the assessment.** The report on the SQE1 pilot in Welsh has been published. Jan 2025's SQE1 was available in Welsh. SQE2 is already available in Welsh. We are finalising a request for proposal for the development of a fully interactive data tool.
- **Consult on improvements and potential additions to our transparency requirements to make them more focused and better able to facilitate choice and comparison, alongside mechanisms to underpin long-term engagement with legal services comparison sites.** Following our reprioritisation review, we have narrowed the scope of our work on transparency to focus on increasing engagement with customer reviews, improving the comparability of the information which we require solicitors to publish and developing a cross regulator legal professional database. We are in the process of commissioning external support to deliver the next phase of the work programme.
- **Develop a data strategy which improves the quality of our data and maximises the benefits we get from it.** Given the scale and importance of the challenge, we brought in a consultant to help us understand the best way to progress this work. We have held an Executive workshop to define key, high level objectives for the strategy to deliver. Our objectives are defined, allowing the next stage of work to be progressed.
- **Reduce non-compliance with money laundering requirements and financial sanctions by extending our proactive work; enhancing our data collection to secure a market wide view of compliance and carrying out more, well targeted inspections and desk-based reviews.** We have reviewed the model we use to rate firms for the risk of being used to launder money and found this to be effective. Our data collection exercise to gather more accurate data about firms' AML and sanctions risk is due to go out in July. This is currently marked as amber due to delays in the data gathering project.

We have detailed our achievements in the year to date to March 2024 in the table below.

## Achievements in the last period

	Objective 1	Objective 2	Objective 3	Objective 4
<b>Achievements</b>	<ul style="list-style-type: none"> <li>We completed an immigration law thematic review, scheduled for publication in June, as part of a suite of reviews.</li> <li>We are finalising our report for imminent publication on the attainment gap for candidates from Black, Asian and minority ethnic backgrounds in professional assessments. The findings will be communicated in an accessible way.</li> <li>We published enhanced firm diversity data.</li> </ul>	<ul style="list-style-type: none"> <li>We adjusted our plans to be able to launch the consumer protection review</li> <li>In the year April 2023/24 we undertook a total of 547 proactive AML engagements (inspections and desk-based reviews) with firms. This is up from 267 in 2022/23.</li> <li>We increased our ability to quickly review newly emerging risks by expanding our capacity to deliver thematic activity. The regulatory management team has now doubled in size (4 to 8).</li> </ul>	<ul style="list-style-type: none"> <li>We completed a research phase with consortia partners to deliver our Regulators Pioneer Fund project on dispute resolution technology solutions while expanding the profile of our national deprivation and legal services mapping tool.</li> </ul>	<ul style="list-style-type: none"> <li>User centric design embedded in all projects. Customer satisfaction surveys now included in key business events of PCRE and Keeping of the Roll to help identify improvements. Voice of customer monitoring in place in Authorisation teams and our customer Contact Centre.</li> <li>Expanded our work on continuous Improvement: Successfully completed Yellow Belt training programme, initiated White Belt training programme, starting with c.50 staff this year. This is complemented by project management training available for all staff.</li> <li>Completed the quantitative stage of our stakeholder perception review (with qualitative work due to be completed in July).</li> </ul>
<b>Impacts and Outcomes</b>	<ul style="list-style-type: none"> <li>This will help us understand any regulatory action required in high-risk areas.</li> <li>We expect the findings to stimulate discussion and trigger action to reduce this gap.</li> <li>This provides the profession with benchmarking data for similar cohorts of firms, to stimulate improvements.</li> </ul>	<ul style="list-style-type: none"> <li>The consumer protection review is focusing on key issues in response to the changing legal services landscape.</li> <li>Increased AML risk awareness and management.</li> <li>We now have doubled the capacity, to run 8 projects a year.</li> </ul>	<ul style="list-style-type: none"> <li>Sets sound evidence base for scoping the next phase of the project.</li> </ul>	<ul style="list-style-type: none"> <li>Improved ability to identify and target improvements that benefit customers.</li> <li>Increasing the application of continuous improvement in how we deliver change as well as implementing real benefits for customers through improvement projects.</li> <li>We are improving our insights and the effectiveness of our communications. We increased our attendance at our annual in-house conference by 50%, while 9 out of 10 people found the event useful or very useful. Our Youtube views are up 50% on the comparable quarter last year.</li> </ul>

## Annex 3a

<b>Priority one – We will deliver high professional standards</b>	
<b>This means setting, upholding and promoting high professional standards for those we regulate, in a way that is fair, proportionate and robust.</b>	
<b>Commitments</b>	<b>Nov 2023 to March 2024 RAG rating</b>
We will develop and commission the first independent evaluation study of the SQE. This will focus on understanding its market impact, including any equalities and qualifying work experience impacts.	
We will finalise our work to deliver the entirety of the SQE in the Welsh language	
We will make data about candidate performance available to help aspiring solicitors make informed choices about how they prepare for the assessment.	
We will publish our annual report outlining the most significant risks around competence, and we will undertake thematic work to understand the levels of competence and any regulatory action required to address this in high-risk areas.	
We will consult on improvements and potential additions to our transparency requirements, informed by evidence of their impacts, to make them more focused and better able to facilitate choice and comparison, alongside mechanisms to underpin long-term engagement with legal services comparison sites.	
We will deliver any changes required by the Economic Crime and Corporate Transparency Bill, should it be enacted, bringing in a new regulatory objective relating to economic crime and giving us new fining and information gathering powers.	
We will publish our research findings for wider discussion in relation to the attainment gap for candidates from Black, Asian and minority and ethnic backgrounds in professional assessments	
We will publish our research findings for wider discussion in relation to overrepresentation of solicitors from Black, Asian and minority and ethnic origin backgrounds in reports made to us and subsequently our enforcement process.	
We will develop a programme of work to encourage large firms to tackle retention and progression in particular for women and people from Black, Asian and minority and ethnic origin backgrounds	
We will monitor the impacts of the improvements made to date, deliver training to fully realise benefits and deliver further opportunities to improve the way we work.	

## Priority two – We will strengthen our risk based and proactive regulation

**This means delivering and supporting better regulation through proactive and risk-based activity using robust evidence based on our data, insights and intelligence.**

Activities	Nov 2023 to March 2024 RAG rating
We will develop a data strategy which improves the quality of our data and maximises the benefits we get from it, including our ability to monitor by diversity characteristics.	Yellow
We will enhance and expand our data analysis capability and expertise to identify opportunities for increased proactive monitoring.	Green
We will increase our ability to quickly review newly emerging risks by expanding our capacity to deliver thematic activity.	Green
We will publish our firm diversity data with its new insight into the diversity breakdown at the most senior levels in law firms, improve the diversity data we hold for individuals and establish a framework to evaluate our progress around EDI.	Red
We will reduce non-compliance with money laundering requirements and financial sanctions by extending our proactive work; enhancing our data collection to secure a market wide view of compliance and carrying out more, well targeted inspections and desk-based reviews.	Yellow

## Priority three – We will support innovation and technology

**This means that we will keep up to date with and actively support innovation and technology that improves the delivery of legal services and access to them, particularly for individuals and small businesses, as well as supporting small firms to use technology effectively.**

Activities	Nov 2023 to March 2024 RAG rating
We will deliver a proof of concept to test demand and likely effectiveness of a new sandbox.	Red
We will work with small law firms and technology providers to produce a map of the specific areas where more resources and support are most needed and deliver pilots focused on particular technologies and themes.	Red
We will deliver our Regulators Pioneer Fund project on dispute resolution technology solutions while expanding the profile of our national deprivation and legal services mapping tool.	Green

## Priority four – We will be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff

This means that we place our customers at the heart of all we do, working as an authoritative, inclusive and responsive organisation.

Activities	Nov 2023 to March 2024 RAG rating
We will commission a full review of the impact and effectiveness of our current communications approach.	Green
We will review how we communicate in Welsh and consider opportunities to expand our offering.	Red
We will work to maximise the performance of our people, processes, technologies, data and information, and to enhance the customer experience.	Green
We will demonstrate we are a diverse and inclusive organisation by delivering our action plans to increase diversity in senior roles, maintaining our status as a Stonewall Top 100 Employer and exploring other relevant external schemes.	Green
We will work to be better at what we do through the on-going delivery of our Continuous Improvement programme and embedding of our Continuous Improvement culture, including: further reducing the time taken to investigate complaints through our improved investigation and enforcement processes.	Green
We will work to be better at what we do through the on-going delivery of our Continuous Improvement programme and embedding of our Continuous Improvement culture, including: applying our continuous improvement methodology more widely across the organisation.	Green
We will produce regulatory position statements about access to justice and ESG. This will set out our analysis of the issues, the role of our regulation in relation to them and our regulatory expectations.	Red

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#### Legal Services Board Performance assessment update – January 2024 to April 2024

- 1 The Board considered the first update to our detailed assurance mapping work against the LSB's regulatory performance assessment framework sourcebook of standards and characteristics at its meeting in September 2023. It was agreed in September for the subsequent detailed updates against each characteristic in the performance framework be made available for Board members to view on Directors Desk. The latest update on Directors Desk covers updates from January to April 2024.
- 2 We have to date published the detailed assurance mapping table and updates to it on Directors Desk on our website as part of the Board paper pack. This is to demonstrate to the LSB that the Board was undertaking the assurance work that was suggested in the letter from the LSB Chair in February 2023.

#### *Our overall assessment*

- 3 Overall, we would still assess ourselves as progressing well against all three of the LSB's standards. Highlights include the launch of our review of consumer protection in response to shifting risks in the sector and the engagement work completed as part of that programme of work, as well as setting up the programme itself. We have published our year two Solicitors Qualifying examination reports, which show continued improvements, and have also published for comment new resources to support in-house solicitors. Our thematic review on strategic lawsuits against public participation (SLAPPS) has also been published.
- 4 As the Board is aware, the LSB has announced its plans to expand its independent review of our approach to Axiom Ince in the lead up to the intervention to also include our regulatory actions in the lead-up to the collapse of SSB Group.

#### *LSB standard: Operational delivery*

- 5 The Board agreed that as part of each performance update, it would have a general discussion on one of the three LSB standards and how the organisation was meeting it, taking each standard in turn over the course of the year. The final standard for the Board to consider is:

**Operational delivery - Regulators' operational activity (eg education and training, authorisation, supervision, enforcement) is effective and clearly focused on the public interest.**

- 6 There are five characteristics that sit underneath this standard in the LSB's Sourcebook. An extract from the Sourcebook that sets out the characteristics and some examples of the evidence the LSB would expect to see is below.
- 7 The operational delivery standard focuses on our education and training work and how we ensure solicitors have and maintain the right skills, behaviours and knowledge to practise. It also covers our Solicitors Register and ensuring we maintain accurate

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information about authorised solicitors. It covers all of our operational work, ensuring we set out clear criteria and processes for our authorisation, supervision and enforcement work, and ensuring we deal with concerns raised with rigour and pace. The need for us to proactively seek to maintain appropriate standards of conduct and responds to thematic issues arising from operational activity is also covered.

- 8 For our last annual performance assessment submission in July 2023, we assessed ourselves as green against this standard as a whole. We were mindful at the time that our continuous improvement programme to address timeliness and quality in our investigation and enforcement work was in progress. That programme has resulted in a range of new processes, tools, resources and requirements being implemented. Work continues to oversee delivery of the changes and realise the benefits. We are due to produce a 12-month progress report to the end of June 2024.
- 9 We think that we are making good progress against this standard and have made, and are continuing to make, improvements to how we operate. We are continually looking at how we can improve, and we know that there will be further lessons to be learned. Given this, we think it is too early to rate ourselves against the standard. An overview of our progress is set out below.
- 10 We have key arrangements and tools in place to support our core operational work, including our Standards and Regulations, the Solicitors Qualifying Examination (SQE), our statement of continuing competence and our Enforcement Strategy, plus supporting guidance, warning notices and resources, including our thematic reviews, are published on our website with supporting communications to stakeholders.
- 11 We regularly report on the SQE, including the quality assurance work we undertake, and as noted above, have recently published our suite of reports showing improvements and progress made in year two. The Board is aware of the error that was made with the January 2024 SQE1 results. Kaplan is reviewing what happened to help it understand the lessons that will need to be learned.
- 12 We have published lists of training providers offering SQE and the range of provision available on our website and we have set out our commitment to publishing further data to help potential SQE candidates decide how best they might prepare for SQE assessments. We had intended to publish, before the end of 2023, data that would link candidate outcomes with the training they told us they had undertaken. However, we did not have sufficient data to enable us to publish information in a way that would be useful, given the variety of training options available. We informed the LSB of this at the end of 2023. The bank of data on which we can draw is growing as more candidates take the SQE and we are keeping this under review with a view to developing a fully interactive tool. We are also considering interim options to support candidate choice.
- 13 We have a continuing competence action plan in place that is progressing to plan and we will publish an annual report outlining the risks around competence, with thematic work in-hand or planned to understand levels of competence and high-risk areas.



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- 14 Our Solicitors Register is the tool through which we maintain accessible and accurate registers of authorised persons, including information on disciplinary and enforcement action, and we have guidance available online to support customers using the Register.
- 15 We continue to make continuous improvements to support our operational work. For example, we have recently made improvements to the information for customers on our website on reporting concerns about a solicitor. As noted above, our continuous improvement programme in Investigation and Enforcement has been a key focus for us, which the Board is being updated on regularly. We wrote to the LSB to provide an update on progress on this work earlier in the year and plan to do so again in July following the 12-month progress report. We also submitted information on our investigation and enforcement approach and processes at the end of 2023 to the LSB as part of its enforcement project work, which provided them with an overview of what we have in place and how we learn from our operational work and improve.
- 16 We use the tools mentioned above, such as guidance and thematic reviews, along with the operational processes we have in place to proactively seek to maintain standards and respond to thematic issues. Our programme of proactive work in anti-money laundering also continues through which we seek to provide advice and ensure firms are complying with their obligations. We publish reports annually on all our operational work, which covers the themes we are seeing.
- 17 As the Board is aware, we are developing our data strategy with the aim of supporting the commitment we have made in our corporate strategy to be seen as an evidence-based regulator, using our data, research and insights to identify issues that present regulatory risks and adopting appropriate regulatory responses.
- 18 As noted above, the LSB's independent investigations into Axiom and SSB are in hand and we wait to see the outcomes. The outcomes of our consumer protection review are also likely to impact and lead to some changes in aspects of our operational work, as well as how we identify risks in the sector, monitor and approve firms.

**Extract from LSB regulatory performance assessment framework – Source book**

**Standard 3: Operational delivery - Regulators' operational activity (eg education and training, authorisation, supervision, enforcement) is effective and clearly focused on the public interest.**

Characteristics	LSB examples of evidence
Ensures that authorised persons have and maintain the right skills, knowledge, behaviours and professional ethics to practise throughout their careers.	<ul style="list-style-type: none"> <li>• Published data on providers' pass rates</li> <li>• Information for students about choosing a training provider and financial protection</li> <li>• Published entry and ongoing practice requirements</li> </ul>



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	<ul style="list-style-type: none"> <li>• Quality assurance mechanisms to test rigour of entry and ongoing competence assessments</li> <li>• Authorisation information requirements</li> <li>• Ongoing competence policy and monitoring plans</li> <li>• Information on ongoing competence checks undertaken and the outcome of those checks</li> <li>• Standards for the regulated community</li> </ul>
<p>Maintains accessible and accurate registers of authorised persons, including information on disciplinary and enforcement action.</p>	<ul style="list-style-type: none"> <li>• Consumer-facing guidance about who is regulated and what this means</li> <li>• Consumer-facing information on the content of the register and what it means to be on it</li> <li>• Information on how to access the register</li> <li>• Information on:             <ul style="list-style-type: none"> <li>• How and when register is updated</li> <li>• How and when its accuracy is checked</li> <li>• What enforcement information is publicly available and what will not be disclosed</li> <li>• How the regulator is assured the register is used and checked by employers and other interested parties.</li> </ul> </li> </ul>
<p>Sets out clear, accessible criteria for taking decisions about the authorisation, supervision of authorised persons and enforcement proceedings against them to protect the public; adheres to the criteria when taking decisions.</p>	<ul style="list-style-type: none"> <li>• Published authorisation, supervision and enforcement policies which transparently describe the regulator’s approaches</li> </ul>
<p>Takes concerns raised by the public, the profession and other stakeholders seriously; pursues those concerns with appropriate rigour and pace under a transparent process.</p>	<ul style="list-style-type: none"> <li>• Published policy for handling complaints/issues including updates for those involved, deadlines for responses and closure of case</li> <li>• Process for managing complaints from LeO and/or other regulators</li> <li>• Evidence of how activity is focused on the public interest</li> </ul>

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	<p>and the needs of vulnerable members of the public</p> <ul style="list-style-type: none"> <li>• Published guidance for staff and decision makers</li> <li>• Template letters used</li> <li>• Complaints resulting in regulatory action where appropriate</li> <li>• Process for review and risk assessment of cases during their lifetime</li> <li>• Outcomes of checks on the processes and reviews</li> <li>• Uses data gathered from complaints and issues raised to identify thematic issues and develop responses to them</li> </ul>
<p>Proactively seeks to maintain appropriate standards of conduct and responds to thematic issues arising from operational activity, including ensuring that those they regulate take action, where relevant.</p>	<ul style="list-style-type: none"> <li>• Uses data gathered from operational activity to identify thematic issues and develops appropriate responses</li> <li>• Evidence of follow-up activity in relation to thematic issues</li> <li>• Guidance issued to regulated community</li> </ul>

Measures in the Investigation and Enforcement Continuous Improvement Action plan	Baseline Action plan	Expected position by June 2024	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	Comments
Overarching investigation stage KPI of 93% of investigations concluded within 12 months	94%	93%	93%	93%	94%	93%	94%	93%	92%	93%	94%	95%	We continue to regularly meet or exceed this target with the exception of January where we were 1 case away from hitting the target. We are on track for May and June.
Overarching investigation stage KPI of 95% of investigations concluded within 18 months	96%	95%	96%	96%	96%	96%	95%	97%	96%	96%	97%	96%	We continue to regularly meet this target and are on track for May and June.
Overarching investigation stage KPI of 98% of investigations concluded within 24 months	97%	98%	98%	97%	97%	97%	97%	97%	98%	98%	98%	98%	We are back to meeting this target and are on track for May and June.
80% of initial assessments completed within 2 months	87%	80%	87%	85%	84%	81%	84%	79%	77%	85%	87%	87%	We have improved on our quarter one average of 80%, achieving 86% over quarter 2. This is despite an increase in reports received in Q1 which would affect KPIs in Q2; 235 more receipts (14%) in December 23 & January 24, in comparison to the same months in 22/23.
70% of investigations closed within 10 months from assessment	66%	70%	57%	54%	62%	56%	61%	60%	65%	54%	61%	62%	<p>We have averaged 60% of cases closed within 10 months for the 2022/2023 business year and for Q1 2023/24. We have made a small improvement over March and April 2024, exceeding 60% in both months.</p> <p>The 70% KPI is stretching – and always was intended to be. Given the bedding in period following the introduction of the reforms, investigations created in October 2023 will be the first cohort of cases in this measure that benefit end to end from the new ways of working. As a result, we do not expect to achieve 70% by June 2024. Our projections in the medium to long-term are more promising and we anticipate improving our performance towards this KPI by the Autumn of 2024.</p>
80% of cases lodged within 20 weeks post referral to the SDT			100%	88%	86%	86%	88%	94%	88%	100%	90%	100%	<p>We expect with better quality investigations, less additional work will be needed after decisions to refer cases are made, reducing the time taken to lodge cases with the SDT. We are tracking a new stretch measure of lodging 60% of cases within 3 months. We achieved 67% for February, 61% for March and 50% for April. An average of 59% in quarter 2.</p> <p>As this is the end of our process, we anticipated that it would take time before the benefits of the new ways of working are fully reflected in this measure.</p> <p>In the meantime, we are tracking additional measures of quality, including an improvement in the percentage of cases accepted first time by authorised decision makers for referral to the SDT from an average of around 77% across July and September 2023 to 93% in this business year.</p>

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<p>Number of investigations over 24 months old</p>	<p>162</p>	<p>82</p>	<p>162</p>	<p>162</p>	<p>172</p>	<p>161</p>	<p>128</p>	<p>111</p>	<p>111</p>	<p>112</p>	<p>99</p>	<p>83</p>	<p>As expected from our projected figures, we have made significant inroads into the case numbers through March and April. We are on track to exceed this target and expect to have less than 80 investigations over 24 months old by the end of June. We finished April with 83 investigations over two years old. 16 cases are not included as they are in the post decision review period (10), or on hold (4) pending other criminal investigations or ongoing inquires.</p> <p>We have also reduced the average days from assessment to conduct closure from 107 in June 2023 to 98 in April 2024. The total number of investigations over 18 months has reduced by 33% from July 2023 to April 2024, from 332 to 228. The number of investigations over 12 months old has reduced by 14% in the same period, from 569 to 491.</p>
<p>The number of complaints about delay upheld at stage 1 and stage 2</p>	<p>56</p>	<p>Reduction</p>					<p>2</p>	<p>0</p>	<p>3</p>	<p>2</p>	<p>1</p>	<p>1</p>	<p>We started tracking complaints data from November 2023, recognising that earlier figures would relate to cases investigated before changes to the process had been made. We have upheld an average of 1.5 complaints per month about delay since the end of October 2023, compared to the baseline average of 4.7. Reviews completed by our arms length quality assurance team provided a good level of assurance on case progression. 98% of investigations sampled were rated as meeting expectations in full. The team found that in 100% of the matters reviewed, we reached an appropriate and proportionate outcome.</p>
<p>The number of complaints about communication upheld at stage 1 and stage 2</p>	<p>54</p>	<p>Reduction</p>					<p>2</p>	<p>3</p>	<p>4</p>	<p>0</p>	<p>1</p>	<p>2</p>	<p>We have upheld an average of 2 complaints per month about communication since the end of October 2023, compared to the baseline average of 4.5. The arms length quality assurance team conducted an end to end review of 20 files that were opened and closed since July 2023. Part of their review looked at communications with our customers and they found that in 100% of files reviewed, we used plain and inclusive language. 95% of matters were assessed as fully meeting the requirements for clear communication with parties.</p> <p>We started sending out customer satisfaction questionnaires at three key stages of our investigation process in April 2024. This will provide further insight into the improved service we are providing and identify other areas for improvement. We have received a handful of responses to date and at this early stage the feedback has been very positive.</p>

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*This paper will be published*

**SRA Strategic Risk Update**

**Purpose**

- 1 This paper provides the SRA Board with a progress report covering the period from 1 November 2023 to 31 March 2024 of the SRA Strategic Register (SRR).

**Recommendation**

- 2 The Board is asked to:
  - a) agree the Strategic Risk and Residual Risk Level Report (annex 1)
  - b) agree the revised Strategic Risk Register (annex 2).

**If you have any questions about this paper, please contact Liz Rosser, Executive Director Operations and Resources, [liz.rosser@sra.org.uk](mailto:liz.rosser@sra.org.uk)**

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## **SRA Strategic Risk Update**

### **Background**

- 3 Risk in the organisation is managed in accordance with the SRA Risk Management Framework (RMF). This sets out responsibility for managing risk in the SRA together with the reporting arrangements for the Director Team (previously SMT), Audit and Risk Committee (ARC) and the SRA Board. The Strategic Risk Register (SRR) is reviewed regularly and reported to the Board as appropriate.
- 4 The Director Team considered our key organisation risks on 26 March 2024 and agreed general updates to the SRR. These were subsequently reviewed by the Audit and Risk Committee on 23 April 2024.

### **Strategic Risk Register (SRR)**

- 5 The Board will recall that at its meeting on 23 January 2024, in agreeing most of the proposed changes and updates to the SRR, it asked ARC to reconsider the proposal to combine the risks on Regulatory Focus (former SRR1) and Risk Based Regulation (former SRR4). It asked the Committee to consider this by looking at which controls applied to both elements of the risk and which to just one or the other, as this might show whether there are clearly distinct aspects of these risks.
- 6 Subsequently, at the last meeting of the ARC referred to above, the Committee considered the output of the controls. It considered that these risks should not be combined.
- 7 The ARC also asked for further refinement of the risk descriptions, triggers, impacts and controls of SRR1 and SRR4 prior to sharing with the Board. The Board is invited to consider and agree the proposed changes to these two risks.
- 8 SRR1 is drafted to recognise the potential that we might be unable to focus on the most important regulatory issues (including those where we can make the most positive impact), either because we do not identify key trends (which may emerge from outside our regulatory sphere, and/or be longer-term issues), or we are driven off course by the changing priorities of others. Inherent within managing this risk is our long-term horizon scanning and our relationship management to influence key stakeholders.
- 9 SRR4 is drafted to recognise the potential that we might not be able to harness our intelligence, data and analysis to target regulatory actions against priority areas effectively; either because of a lack of data, poor data quality or inappropriate or flawed analysis. Inherent within managing this risk is our data strategy, which will take a life-cycle approach to our regulatory data - covering identification, collection, quality assurance, storage, access, analysis, and retention. Its key aim will be 'the right data to the right people at the right time'.

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10 If the Board agrees the Committee’s recommendation, the revised Strategic Risk Register would comprise the risks listed below:

- Regulatory Focus (SRR1)
- Equality, Diversity, and Inclusion (SRR2)
- Technology (SRR3)
- Risk Based Regulation (SRR4)
- Investigation and Enforcement (SRR5)

11 In addition to the above activity, further updating has been completed on risks SRR2, SRR3 and SRR5.

12 The risks are summarised in annex 1, and the full details of all the risks held on the SRR are contained in annex 2

**Risks escalated or downgraded between the Strategic and Mid-tier risk registers.**

13 There were no risks that were escalated or downgraded between the above registers since the last report to the Board.

**Recommendations: the Board is asked to:**

- a) agree the Strategic Risk and Residual Risk Level Report (annex 1)**
- b) agree the revised Strategic Risk Register (annex 2).**

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**Supporting information**

**Links to the Corporate Strategy and/or Business Plan and impact on strategic or mid-tier risks**

- 14 The recommendations affect the organisation's Corporate Strategy/Business Plan as, if the strategic and mid-tier risks are not managed effectively, this could adversely impact on our ability to successfully deliver our key objectives. It may also have a reputational impact.
- 15 This work will underpin our commitment to improving our operational performance and making justifiable decisions promptly, effectively, and efficiently.

**How the issues support the regulatory objectives and best regulatory practice**

- 16 Effective risk management procedures, combined with robust internal controls, will enable the SRA to deliver its regulatory objectives.

**Public/Consumer impact**

- 17 Effective risk management procedures, combined with robust internal controls, helps to protect the public.

**What engagement approach has been used to inform the work and what further communication and engagement is needed?**

- 18 The SRR is discussed by the Executive Team, Director Team, reviewed by ARC and is reported to the SRA Board regularly.

**What equality and diversity considerations relate to this issue?**

- 19 Risk management is embedded across the organisation and any risks associated with EDI will be captured within risk registers as appropriate. There is also a specific risk in the SRR around EDI.

**How the work will be evaluated**

- 20 As part of the ongoing risk assurance programme of strategic and mid-tier risks, the documented control measures will be reviewed and assessed to determine the effectiveness in managing the SRA risks.

**Annexes**

- Annex 1 Strategic Risk and Residual Risk Level Report**
- Annex 2 Strategic Risk Register**

*NB: the annexes to this paper will not be published as they include discussion of risk that might be exacerbated by publication.*



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**CLASSIFICATION – PUBLIC***This paper will be published***SRA draft Business Plan and Budget 2024-25**

<b>Reason for paper</b>	<p>This paper summarises the SRA’s draft Business Plan and Budget for 2024-25, alongside next steps that are required for:</p> <ul style="list-style-type: none"> <li>• consultation and engagement activity</li> <li>• finalising the Business Plan and Budget</li> <li>• publication by 31 October 2024.</li> </ul>
<b>Decisions(s)</b>	<p>The Board is asked to:</p> <p>(a) note the draft note of our reprioritisation exercise, which we intend to publish on our website (annex 1)</p> <p>(b) review and comment on the draft Business Plan (at annex 2) and Budget for 2024-25 (at annex 3), and on our proposed consultation approach. This includes an increase of 3.8% in the amount required but no increase in the SRA share of the individual practising certificate fee.</p> <p>(c) approve the recommendation for the 2024-25 Compensation Fund contribution (annex 4). This is an increase in the contributions to £90 per individual and £2,220 per firm.</p> <p>(d) delegate approval of consultation documents, including the Business Plan and Budget 2024-25 and any other related documents, to the SRA Board Chair.</p>
<b>Previous Board and committee consideration</b>	<p>The Board noted the paper ‘Strategic policy priorities for the SRA’ in early March 2024. It then reviewed potential workstreams and commitments, funding considerations, and budget information for 2024-25 at its meeting on 18 March 2024.</p> <p>The Board oversees the SRA’s operational and financial performance on an ongoing basis, including tracking progress in meeting Business Plan and Budget commitments, and the key deliverables described in the SRA’s Corporate Strategy 2023-26.</p>
<b>Next steps</b>	<p>Following the Board’s review and feedback, the draft Business Plan and Budget for 2024-25 will be finalised for public consultation during May and June 2024. Outcomes from our consultation activity, and a finalised Business Plan and Budget, will be shared with the Board during summer 2024. It will then be progressed through to publication during autumn 2024.</p>

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If you have any questions about this paper please contact: Liz Rosser, Executive Director of Resources - [liz.rosser@sra.org.uk](mailto:liz.rosser@sra.org.uk) or Aileen Armstrong, Executive Director of Strategy, Innovation and External Affairs – [aileen.armstrong@sra.org.uk](mailto:aileen.armstrong@sra.org.uk)

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**SRA draft Business Plan and Budget 2024-25**

**Summary**

- 1 This paper summarises the SRA’s draft Business Plan and Budget for 2024-25, and the steps that, following the Board’s review, will lead through to public consultation and finalisation. The Business Plan and Budget will take effect on 1 November 2024.

**Background**

- 2 November 2024 to October 2025 represents the second year of our current Corporate Strategy for 2023-26. The Strategy sets out our mission – driving confidence and trust in legal services – and our four strategic priorities running across the three-year period. Our four priorities are to:
  - deliver high professional standards
  - strengthen our risk based and proactive regulation
  - support innovation and technology
  - be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff.
- 3 Each strategic priority features key deliverables that describe outcomes we are aiming to achieve by October 2026.
- 4 Our Business Plan and Budget will confirm our workstreams and commitments for each key deliverable during the second year of activity under our Corporate Strategy. Although our four strategic priorities remain unchanged, we have revisited some of our specific plans to deliver these priorities given recent developments in the legal sector. We will reflect this reprioritisation exercise in the draft Business Plan and Budget. It will also set our budget, and details of our expenditure, practising fees, and Compensation Fund contribution for 2024-25.
- 5 In May and June 2024 we will consult with our stakeholders about our draft Business Plan and Budget. We are also planning to publish a note of the outcome of our reprioritisation exercise on our website. This is attached at annex 1.

**Discussion**

- 6 The table below sets out a top level summary of our proposed work areas for 2024-25, grouped under each of the strategic priorities.

<b>Priority one: deliver high professional standards</b>
<b>Solicitors Qualifying Examination (SQE):</b>

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- deliver the year-three evaluation of the SQE
- make the SQE available in the Welsh language from January 2025

### **Continuing competency:**

- deliver commitments from our annual assessment process - including undertaking training record reviews and a thematic review - to understand whether and how solicitors meet their professional obligations to maintain competence

### **Anti-money laundering and financial crime:**

- respond to the Legal Services Board's guidance around the new regulatory objective to promote the prevention and detection of economic crime, and to changes in money laundering regulations
- consider the outcome of the Treasury's present consultation on the future of AML supervision

### **Equality and diversity in the profession:**

- progress action plans arising from our research findings and continue to encourage diversity at senior levels in law firms
- take forward our plans to introduce an EDI evaluation framework

### **Improving the quality and timeliness of our investigation and enforcement work**

- progress outcomes from our Consumer Protection Review, and evaluate key areas of frontline regulation to drive further improvements in quality and timeliness across our operational functions
- continue to implement and embed improvements to our casework processes

## **Priority two: strengthen our risk based and proactive regulation**

### **Data, analysis and insights informing proactive regulation:**

- start to deliver our data strategy in light of reviews of data capability and maturity
- undertake short term improvements to expand our use of data analysis, including further exploring the application of AI and machine-learning
- deliver our programme of proactive thematic reviews in key areas, including AML themes

### **Proactively regulating to prevent money laundering and financial crime:**

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- proactively respond to developments including new or amended money laundering regulations, and outcomes from HM Treasury’s consultation on the future of AML supervision
- undertake a data-based programme of proactive sanctions supervision, incorporating information received under our MoU with the Office of Financial Sanctions Implementation

**Priority three: Support innovation and technology****Developing understanding and safe testing:**

- develop our regulatory approach to AI so that our regulated community, and consumers of legal services, can keep pace with risks driven by this rapidly evolving area

**Supporting small firms to adopt appropriate technology solutions:**

- develop our support for small law firms to adopt technology, based on findings from our research

**Collaboration**

- progress recommendations and outcomes from our Regulators Pioneer Fund project to increase the use of technology-enabled dispute resolution

**Priority four: be an authoritative and inclusive organisation, meeting the needs of the public, consumers, those we regulate and our staff****How we communicate:**

- extend our customer service plans and model into more operational areas, including our Client Protection team
- progress our communications review to build on our perceptions profiling work

**Customer service, our resources and continuous improvement:**

- continue to progress and evaluate our actions to increase diversity in SRA leadership roles and to close pay-gaps
- develop broadening understanding and knowledge within the SRA to grow and embed a culture of continuous improvement

**Insights and influence:**

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- continue to deliver on our internal ESG commitments, and work with key stakeholders on reducing our environmental impact

7 In addition to our proposed commitments there are a number of important workstreams that are actively underway, and/or that have reached agreed positions on in 2023-24 and that we anticipate will continue taking shape as we move into 2024-25. We will highlight them in the draft Business Plan and Budget as important areas of our work that may not be described explicitly in our key deliverables, but that will be resourced and progressed during year two of the Strategy. Additional workstreams that may take shape during summer 2024 include:

- ongoing engagement, and potential further activity, around the regulation of Chartered Institute of Legal Executives (CILEX) firms and individuals
- delivering ongoing responses to high-profile issues of public protection and related investigation activities, including Post Office Horizon, SSB Group, Axiom Ince, and others.

8 Our draft Business Plan is attached at annex 2.

**Draft budget and fees**

9 The draft Business Plan and Budget sets out our budget and expenditure proposals for 2024-25. Following our consultation, our finalised budget then informs the overall total amount that will be required to be collected from solicitors and law firms through practising fees.

10 The proposal is that the SRA share of practising fee income will increase from £67.6m to £70.m (3.8%) in line with our ambition to limit increases to no more than inflation outlined in the Corporate Strategy. Increasing solicitor numbers mean that the SRA's share of the individual practising certificate fee will remain unchanged at £162.

11 The proposal for the Compensation Fund is to increase contributions from £30 for individuals to £90 and from £660 for firms to £2,220. This follows the increase in costs within the Fund due to two large interventions in the previous financial year.

12 The Law Society's Board undertakes a similar exercise. The Law Society consults on its budget proposals and its own required share of the practising fee income for 2024-25 which, once finalised, is also then used to determine the total practising fees that will be required.

13 Both consultations focus on our respective funding requirements, rather than a total practising certificate fee. Post-consultation our Board and the Law

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Society's Board will be asked to confirm their respective budget requirements for 2024-25.

- 14 Once the Law Society confirm the requirement for their work as well as amounts payable to external bodies (Legal Services Board, Legal Ombudsman, Solicitors Disciplinary Tribunal and Financial Conduct Authority) the Board will be asked to confirm the individual and firm practising fees for 2024-25.
- 15 The final stage of approval is an application to the Legal Services Board.
- 16 Our detailed draft Budget for 2024-25 is attached at annex 3. A summary of this is also included in the draft Business Plan and Budget document (at annex 2), which includes the proposed Compensation Fund Contribution for 2024-25. The detail of the Compensation Fund Contribution is included as annex 4.

### Consultation and engagement

- 17 We will consult on our draft Business Plan and Budget 2024-25 during May and June 2024.
- 18 The consultation process will raise awareness of the draft Business Plan and Budget document, and will direct stakeholders towards the SRA's website where they can review the document, and answer questions about it. However alongside this we will take forward stakeholder engagement to capture a broad range of perspectives and views. Our engagement work will include:
  - targeted digital activities and social media campaigns, include polling and blogs
  - profession-wide communication exercises through our communication channels to all solicitors, firms, and their employees
  - face-to-face engagement work with stakeholders.
- 19 We will share consultation feedback and viewpoints of our stakeholders with the Board following our consultation. This will be part of our work to finalise a post-consultation version of the Business Plan and Budget, and finalise our funding requirement, practising fees and the Compensation Fund contribution for 2024-25.

### Monitoring equality impacts

- 20 We consider equality, diversity and inclusion (EDI) during the drafting and development process for our Business Plan and Budget commitments. This includes considering learning points and insights from our rolling programme of policy evaluation, and from our equality impact assessments (EIAs). We also prioritise opportunities to deliver bespoke research projects on EDI subjects during each business plan cycle, to make sure we are actively working to

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identify and understand the EDI impacts of our work, and are then responding to those impacts in the best ways.

- 21 As part of our consultation activity we prepare and publish a draft initial EIA for the proposed Practising Certificate Fee and the proposed Compensation Fund contribution. We refresh and analyse data that we hold about protected characteristics (as defined in the Equality Act 2010) for solicitors, and diversity information that we collect from law firms. We assess the data to understand potential impacts for different groups from fees, and in-turn any mitigating action we might need to take in response.
- 22 We finalise the EIA after our consultation and then refresh it each business plan cycle, to make sure we are monitoring the impacts of our fees framework (and responding accordingly) on an ongoing basis.
- 23 We also undertake an EIA of the activities we include in the final version of the Business Plan. We publish this each autumn once our business plan activities have been finalised, alongside the Business Plan and Budget document.

**Recommendations: the Board is asked to:**

- (a) **note the draft note of our reprioritisation exercise, which we intend to publish on our website (annex 1).**
- (b) **review and comment on the draft Business Plan (at annex 2) and Budget for 2024-25 (at annex 3), and on our proposed consultation approach. This includes an increase of 3.8% in the amount required but no increase in the SRA share of the individual practising certificate fee**
- (c) **approve the recommendation for the 2024-25 Compensation Fund contribution (annex 4). This is an increase in the contributions to £90 per individual and £2,220 per firm.**
- (d) **delegate approval of consultation documents, including the Business Plan and Budget 2024-25 and any other related documents, to the SRA Board Chair.**
- 24 The timeframes for developing, finalising and publishing the Business Plan and Budget 2024/25 are as follows:

<b>14 May 2024</b>	SRA Board approve draft Business Plan and Budget 2024-25 for consultation
<b>May – June 2024</b>	Consultation on draft Business Plan and Budget 2024-25



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<b>25 June 2024</b>	SRA Board approve funding requirement for 2024-25 for submission to Law Society Council
<b>July 2024</b>	Law Society Council approve the Group funding requirement for 2024-25
<b>9 July 2024</b>	SRA Board approve Practising Fees for 2024-25
<b>July 2024</b>	SRA and the Law Society submit Practising Fee application to Legal Services Board
<b>1 November 2024</b>	SRA Business Plan and Budget 2024-25 goes live

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### Supporting information

#### Links to the Corporate Strategy and/or Business Plan and impact on strategic and mid-tier risks

- 25 This paper seeks approval for consultation on the draft Business Plan and Budget 2024-25. The Plan will describe our work, financing and resourcing approach during the second year of activity under our Corporate Strategy for 2023-26.

#### How the issues support the regulatory objectives and best regulatory practice

- 26 The content of this paper confirms our proposed work and resourcing for 2024-25. Our proposed workstreams and our draft budget have been developed to support us to meet the Legal Services Act 2007's regulatory objectives, and to be consistent with the Better Regulation principles.

#### Public/Consumer impact

- 27 The draft Business Plan and Budget describes work that we propose to undertake to proactively regulate to protect consumers, and to empower them with good information and strong experiences when they access legal services. It also confirms how we propose to evolve our respond to risks that members of the public may face in the legal services market.

#### What engagement approach has been used to inform the work and what further communication and engagement is needed?

- 28 The draft Business Plan and Budget will be published for public consultation in 2024. The consultation process will feature targeted stakeholder engagement. We will update the Board about consultation outcomes in summer 2024.

#### What equality and diversity considerations relate to this issue?

- 29 Equality, diversity and inclusion activities are central to the our Business Plan, and the commitments we make within it. We carry out equality impact assessment activity on our fee proposals, which form part of our draft Business Plan & Budget.

#### How the work will be evaluated

- 30 The Board's feedback will determine the finalisation of our Business Plan and Budget 2024-25. Our progress in delivering our work and budgetary commitments will be monitored on an ongoing basis by the Board during 2024-25.

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**Annexes**

- Annex 1**      **Draft note for website on reprioritisation**
- Annex 2**      **Draft Business Plan & Budget document**
- Annex 3**      **Detailed draft budget 2024-25**
- Annex 4**      **Compensation Fund contributions 2024-25**

*NB: annexes 3 and 4 of this paper will not be published because they are commercially sensitive.*

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*This paper will be published*

**Solicitors Regulation Authority Limited 2023 Financial Statements**

<b>Reason for papers</b>	To present the Solicitors Regulation Authority Limited Financial Statements and Letter of Representation for the year ending 31 October 2023.
<b>Decisions(s)</b>	The Board is asked to:  a) approve the Solicitors Regulation Authority Limited financial statements for 2023 prepared on a going concern basis  b) approve the Solicitors Indemnity Fund financial statements for 2023 prepared on a going concern basis  c) agree the Letters of Representation can be signed on behalf of the Board  d) agree to reappoint BDO as auditors of the Solicitors Regulation Authority Limited and Solicitors Indemnity Fund for the 2024 financial year.
<b>Previous Board and committee consideration</b>	This is the first set of financial statements prepared on a consolidated basis to include the Solicitors Indemnity and Solicitors Indemnity Fund Limited. The information within this paper was discussed at the Audit and Risk Committee on 23 April 2024.
<b>Next steps</b>	Once approved the financial statements will be filed at Companies House.

**If you have any questions about this paper, please contact Liz Rosser, Executive Director Resources, [liz.rosser@sra.org.uk](mailto:liz.rosser@sra.org.uk)**

**CLASSIFICATION – PUBLIC****Solicitors Regulation Authority Limited 2023 Financial Statements****Purpose**

- 1 This paper presents the Solicitors Regulation Authority Limited Financial Statements and Letter of Representation for the year ending 31 October 2023. The information within this paper was discussed at the Audit and Risk Committee on 23 April 2024.

**Summary**

- 2 As part of the year end external audit process, the SRA Board is asked to approve the 2023 year-end Financial Statements on a going concern basis and to approve signing of the Letter of Representation to the auditors. This Letter of Representation requires the approver to make representations based on enquiries of management and staff with relevant knowledge and experience and, where appropriate, inspection of supporting documentations sufficient to allow the approver to properly make the representations.
- 3 The financial statements represent the first year of SRA as a 'group' for financial reporting purposes, comprising SRA, Solicitors Indemnity Fund (SIF) and Solicitors Indemnity Fund Limited (SIFL).
- 4 They show a surplus of £21.2m for the group, due to the impact of consolidating SIF, and £1.2m for SRA, referred to as 'company' within the financial statements.
- 5 Reserves at the end of the year were £37.8m for the group and £17.8m for SRA, of which £16.5m is unrestricted reserves once fixed assets are excluded. The reserves policy revised in January 2024 establishes that reserves should be between £17.5m and £25.0m. Based on the financial forecast for 2023/24 we expect to be within the required range at the end of the current financial year.
- 6 The financial statements and the letters of representation were considered by the Audit and Risk Committee on 23 April 2024 and the Committee agreed to recommend that the Board approve the financial statements and the letters of representation.
- 7 The most significant factor in the 2022/23 SRA Limited annual report is that these are now consolidated financial statements, including the activities and entity accounts of SIF and SIFL.
- 8 As a result of the SRA being deemed to be a public benefit entity, we are treating the accounting for the SIF consolidation as a 'gift' to the SRA rather than as an acquisition. This simplifies the accounting for future years. It also means the value of SIF's assets are treated as income in the consolidated financial statements for the 2022/23 year.
- 9 SIF is consolidated in the group accounts as a separate, 'special purpose entity', rather than simply being considered 'part' of SRA.

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- 10 The SRA 'company only' financial statements provide consistency with prior years and allow the reader of the statements to understand the SRA-only view of performance and position.
- 11 The statements include clear reference to the accounting treatments and the basis on which the determinations have been made to adopt those treatments. We have, as required by FRS102, made a clear statement of being a public benefit entity in the most appropriate place, the first page of the annual report, in the introduction to the SRA as well as in note one to the accounts.
- 12 Attached at annex 2 is a letter of representation which should be signed by the Chair on behalf of the Board. This letter is acknowledging that all members of the Board, individually, have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information. To provide the Board with some comfort in doing so this has been annotated version documenting where evidence has been obtained or reassurance given.
- 13 All members of the senior management team, the Deputy Executive Director of Resources and the Director of Finance have read the letter of representation and provided confirmation that they are not aware of anything that should have been disclosed either to the auditors or the Board.
- 14 The Audit and Risk Committee considered a report from BDO on the outcome of the audit. The report identified some minor outstanding items with all other audit work completed satisfactorily. At the time of writing all matters that were outstanding at ARC are resolved.
- 15 The significant matters arising during the audit were all discussed by the Committee and the treatment of each agreed. There were no significant deficiencies identified and only two minor deficiencies, both of which were accepted by management. The auditors have issued an unmodified opinion on the financial statements.
- 16 The Committee also considered the performance of BDO as external auditors. The Committee took views from management and those directly involved in the audit process and agreed that overall, performance was improved from the prior year. The Committee agreed to recommend to the Board the reappointment of BDO for an additional year.
- 17 The accounts are prepared on a going concern basis and an assessment of going concern is included at annex 3
- 18 The Board is also asked to approved the separate financial statements of the Solicitors Indemnity Fund. The financial statements of SIFL were approved by the SIFL Board on 30 April 2024.
- 19 The financial statements of SIF show a surplus for the year of £422k and net assets at the end of the year of £19.96m. The statements also include detail on

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changes to the accounting policies from the 2022/23 year to include the discounted provision for future claim payments. This change was agreed with the auditors and is documented within the financial statements. The auditors have issued an unmodified opinion on the financial statements.

- 20 The letter of representation in respect of SIF is included at annex 5 and a going concern assessment at annex 6. Both should be considered alongside approval of the financial statements.

**Next steps**

**Recommendations: the Board is asked to**

- a) **approve the Solicitors Regulation Authority Limited financial statements for 2023 prepared on a going concern basis**
- b) **approve the Solicitors Indemnity Fund financial statements for 2023 prepared on a going concern basis**
- c) **agree the Letters of Representations can be signed on behalf of the Board**
- d) **agree to reappoint BDO as auditors of the Solicitors Regulation Authority Limited and Solicitors Indemnity Fund for the 2024 financial year.**

**Next steps**

- 21 Once approved the financial statements of the Solicitors Regulation Authority Limited will be filed at Companies House.

**Annexes**

- Annex 1: Solicitors Regulation Authority Limited 2023 Financial Statements**
- Annex 2: Summary of sources of assurance obtained – Letter of Representation – Solicitors Regulation Authority Limited**
- Annex 3: Going concern assessment - Solicitors Regulation Authority Limited**
- Annex 4: Solicitors Indemnity Fund 2023 Financial Statements**
- Annex 5: Letter of Representation – Solicitors Indemnity Fund**
- Annex 6: Going concern assessment - Solicitors Indemnity Fund**

*NB: annexes 2,3, 5 and 6 will not be published because they are commercially sensitive and/or include legal or other professional advice on sensitive or confidential matters.*

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*This paper will be published*

**SRA Compensation Fund 2023 Financial Statements**

<b>Reason for papers</b>	To present the Compensation Fund Financial Statements and Letter of Representation for the year ending 31 October 2023.
<b>Decisions(s)</b>	The Board is asked to: <ul style="list-style-type: none"> <li>a) approve the Compensation Fund financial statements for 2023 prepared on a going concern basis</li> <li>b) agree the Letter of Representation can be signed on behalf of the Board</li> <li>c) agree to reappoint BDO as auditors of the SRA Compensation Fund for the 2024 financial year.</li> </ul>
<b>Previous Board and committee consideration</b>	The Compensation Fund financial statements are presented to the Board each year. The information within this paper was discussed at the Audit and Risk Committee on 23 April 2023.
<b>Next steps</b>	Once approved the financial statements will be published on the SRA website.

**If you have any questions about this paper, please contact Liz Rosser, Executive Director Resources, [liz.rosser@sra.org.uk](mailto:liz.rosser@sra.org.uk)**



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**CLASSIFICATION – PUBLIC****SRA Compensation Fund 2023 Financial Statements****Purpose**

- 1 This paper presents the Compensation Fund financial statements and Letter of Representation for the year ending 31 October 2023. The information within this paper was discussed at the Audit and Risk Committee on 23 March 2024.

**Summary**

- 2 As part of the year end external audit process, the SRA Board is asked to approve the 2023 year-end financial Statements on a going concern basis and to approve signing of the Letter of Representation to the auditors. This Letter of Representation requires the approver to make representations based on enquiries of management and staff with relevant knowledge and experience and, where appropriate, inspection of supporting documentations sufficient to allow the approver to properly make the representations.
- 3 The Compensation Fund accounts for 2023 show a deficit for the year of £29.1m, compared with a surplus of £3.6m in the previous year. The significant factors in this are the increased number of interventions in the year and specifically the impact of the interventions into Metamorph in November 2022 and Axiom in October 2023.
- 4 The balance in the fund at the end of the financial year was £25.1m, reduced from £54.2m at the end of the previous year. The fund is considered a going concern and a going concern assessment has been prepared to support this statement. This is attached as annex 3.

**Recommendations: the Board is asked to**

- a) **approve the financial statements for 2023 prepared on a going concern basis**
- b) **agree the Letter of Representation can be signed on behalf of the Board**
- c) **agree to reappoint BDO as auditors of the SRA Compensation Fund for the 2024 financial year.**

**Next steps**

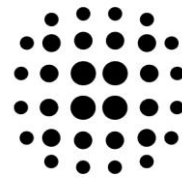
- 5 Once approved the financial statements of the Fund will be published on the SRA website.

**Annexes**

- Annex 1:** SRA Compensation Fund 2023 Financial Statements  
**Annex 2:** Summary of sources of assurance obtained – Letter of Representation  
**Annex 3:** Going concern assessment

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*NB: annexes 2 and 3 will not be published because they are commercially sensitive and/or include legal or other professional advice on sensitive or confidential matters.*